FINANCIAL TIMES

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WORLD NEWS

Pretoria lifts state of emergency

South Africa yesterday lifted the state of emergency imposed last July and freed many of the 329 people still held under the regulations. Some, however, stayed in custody on criminal charges.

Restrictions on reporting were also lifted, but three television journalists working for CBS of the US were to be deported because of their coverage of a mass funeral. Back Page

Aquino under pressure

Philippines President Corazon Aquino's government is under pressure from army reformers who helped her seize power, for discarding military promotion rules. Page 2. Philippines Cardinal Jaime Sin was taken ill with fever on arriving in London.

Scots assembly pledge

Labour leader Neil Kinnock, speaking in Perth, pledged that a Labour Government would introduce an elected assembly for Scotland.

Sellafield 'exaggeration'

Reports of leaks at Sellafield nuclear plant had been exaggerated, apparently to discredit the nuclear industry, Mrs Thatcher told Irish Premier Garret FitzGerald. Page 6

Teachers' pay clash

Talks on a new contract and salary structure for teachers in England and Wales began shakily with one union rejecting an employers' demand to accept a pay deal. Page 8

Tube muggers sentenced

Seven youth received custodial sentences and a girl was ordered to do community service for a series of muggings on London's underground and mass shoplifting expeditions.

RUC 'not political'

Royal Ulster Constabulary chief constable, Sir John Hermon, replied to claims that officers opposed the Anglo-Irish agreement, saying the force was "not political." Page 6

Warning to Militant

Labour Party general secretary Larry Whitty intends to enforce party rules firmly in expelling members proved to be Militant Tendency activists. Page 4

Tamils offered truce

Sri Lankan National Security Minister Lalith Athulathmudali offered Tamil separatists a truce, but insisted India control separatist groups operating there. Page 2

TWA flies on

Trans World Airlines operated most of its 600 daily flights in spite of a strike by its cabin attendants. Page 2

Turks back censors

Turkey's Parliament voted to set up a censorship commission for morality in the press, a move seen as a victory for the Islamic wing of the ruling Motherland Party.

Ugandan exiles sought

Uganda's new rulers indicated that they may ask for the extradition of former leaders Idi Amin from Saudi Arabia, Milton Obote from Zambia and Tito Okello, believed to be in Sudan.

England start badly

England were all out for 176 (Gower 66, Lamb 62) on the first day of the second test at Port-of-Spain. West Indies replied with 67 for one.

Against the grain

A three-mile queue formed on the A1 northbound near Leeming, N. Yorks, when a lorry shed its load of maize.

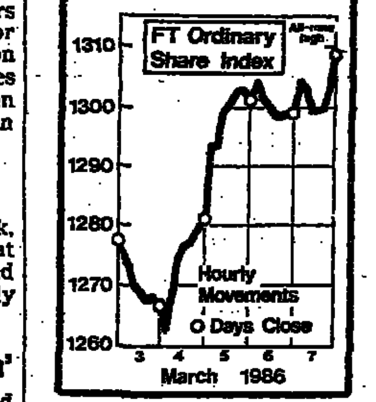
BUSINESS SUMMARY

Marley sells Payless to Ward White

WARD WHITE, fast-growing retailer, said it had bought Payless, the DIY offshoot of the Marley building materials group, for £94m.

Marley signalled its intention to sell the profitable subsidiary in December after a £13.58m fall in the group's taxable profits to £19.56m last year. Back Page and Lex

EQUITIES and gilts strengthened further on the continuing trend to lower international interest rates. The FT Ordinary Share Index closed



9.4 higher at a record 1,308.8, giving a rise of 31.4 on the week. The FT-SE 100 and FT-Actuaries All-Share also hit peaks. Page 16. Lex; Back Page

STC, troubled telecommunications group, made a net loss of £54m last year after making charges of £109m to cover reorganisation costs. Back Page and Lex; Results, Page 12

MARTONAIR International, pneumatic equipment maker, expects a bid worth about £72m from metals group IMI. A deal would create a powerful force in the UK's £75m pneumatic cylinders market. Back Page

FARLEY, baby food group liquidated after being linked with a salmonella outbreak, has been bought by Boots for £18m. Back Page

LONRHO'S share price closed 20p higher at 280p after the company reported aggressive buying of its stock and said there were suggestions that a US consortium had been formed to launch a bid. Page 12

EEC earmarked £1.3m to assist retraining of 533 steel workers hit by closures and cuts at three plants at Manchester, Glengarnock in Strathclyde and Skinningrove in Cleveland.

SINGAPORE is to cut taxes and boost development spending in a further attempt to reverse the contraction in its economy. Page 3

ITALY'S cost of living increase on an annual basis fell last month to 7.6 per cent—the first time it has been below 8 per cent since 1972.

BRITISH TELECOM is to make its third US acquisition in 15 months through the purchase of Dialcom, a leading electronic mail group, from ITT. Page 12

PITNEY BOWES and Ronco Alcatel, which dominate the UK market for postal franking machines, are to be told to change pricing and selling policies to allow competition. Page 4

TIMBER frame housing market in the UK is set to grow by 60 per cent in the next three years because of the demand for homes in the South-east. Page 5

OFFICIAL RECEIVER appointed two Leeds accountants to seek assets belonging to missing bullion dealer Harvey Michael Ross. Page 3

HONG KONG unveiled the Bill intended to improve regulation of local banks. Page 13

VONTOBEL Holdings, family-controlled parent company of the Zurich-based bank Vontobel, is considering the issue of shares to the public. Page 13

MARKETS

DOLLAR	STERLING
New York:	New York: $1.4535 ($1.441)
DM 2.2365 (2.24375)	London: $1.454 (1.458)
FFr 6.882 (6.895)	DM 3.2525 (3.27)
SFr 1.894 (1.895)	FFr 10.0075 (10.06)
Y179.25 (179.55)	SFr 2.755 (2.7675)
London:	Y261.0 (261.5)
DM 2.2365 (2.2425)	Sterling index 73.7 (73.6)
FFr 6.8825 (6.9)	**LONDON MONEY**
SFr 1.8955 (1.899)	3-month interbank:
Y179.45 (179.3)	closing rate 12% (12½)
Dollar index 117.3 (118.0)	**NORTH SEA OIL**
Tokyo close Y179.63	Brent 15-day April $14.75
US CLOSING RATES	**STOCK INDICES**
Fed Funds 7⅞% (7½%)	FT Ord 1,308.8 (+9.4)
3-month Treasury Bills:	FT-A All Share 763.17 (+0.3%)
yield 6.8% (6.9%)	FT-SE 100 1,573.8 (+7.7)
Long Bond: 112½ (111⅝)	FT-A long gilt yield index:
yield 8.16% (8.28%)	High coupon 9.61 (9.7)
GOLD	New York:
New York: Comex April	DJ Ind Av 1,699.83 (+3.23)
$345.7 ($344.3)	Tokyo:
London: $342.75 ($343.5)	Nikkei 13,994.63 (+93.07)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France Fr 6.00; W Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 90; Spain Pta 125; Sweden SKr 7.00; Switzerland Fr 2.20.

Fed cuts discount rate to 7% in wake of Bank of Japan move

BY STEWART FLEMING IN WASHINGTON AND YOKO SHIBATA IN TOKYO

THE US FEDERAL Reserve Board cut its discount rate yesterday from 7½ to 7 per cent, prompting a flurry of reductions in prime lending rates by US commercial banks and capping a succession of interest-rate cuts internationally aimed at boosting growth in several industrial countries.

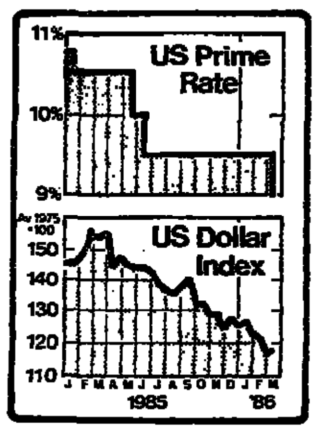
The Fed decided to act when it heard that the Bank of Japan was to announce yesterday a cut in its discount rate from 4½ to 4 per cent. The Tokyo move came in the wake of Thursday's half-point cut in rates to 3½ per cent by the West German Bundesbank, which had already been followed by the French and Dutch central banks.

The early reduction in US rates, the first cut since May last year, surprised many on Wall Street but met a muted response in foreign exchange markets, despite fears before the event that such a cut would prompt a sharp drop in the dollar.

Chase Manhattan Bank followed the Fed's discount rate cut by lowering its prime lending rate from 9.5 per cent to 9 per cent, the first such reduction since June 1985.

Chase's cut was matched by other major US banks, including Morgan Guaranty Trust and Citibank.

The Fed said its decision "was taken in the context of similar action by other important industrial countries and sizable declines in most market interest rates in recent weeks."



The Fed, which acted on requests for such a move from 11 of the 12 regional Federal Reserve banks, added: "Growth in the various monetary aggregates has been more limited this year.

"Prospects for sustaining improved price performance and continuing restraint on costs have been further enhanced by recent sharp declines in oil prices [and] the economic expansion appears to be proceeding within the nation's growth potential."

Earlier uncertainty about whether the Fed would act to reinforce recent sharp declines in long-term bond rates and in money market interest rates, stemmed in part from concern expressed two weeks ago by Mr Paul Volcker, the Fed chairman.

Mr Volcker had said he was watching the pace at which the dollar was falling on the foreign exchange markets and was uneasy about the potential inflationary implications of the decline.

The dollar has however been more stable over the past few days. The major central banks seem to have decided that the parallel cuts could minimise the risk of a renewed sharp dollar fall.

Expectations that the US economy would bounce back sharply in the first half of this year after the sluggish expansion in the fourth quarter of 1985, for instance, have been damped by mixed statistical data.

This was highlighted yesterday when the US Commerce Department reported that unemployment rose 0.6 per cent to 7.3 per cent last month, the largest jump in six years.

Another factor influencing the Fed is the beneficial impact of lower short-term dollar interest rates on both the oil and farming sectors of the economy, which are falling deeper into recession; and on the finances of Mexico.

The Fed's decision was applauded in Washington, where both the Reagan Ad-

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Japanese rate cut improves outlook, Page 3
Editorial Comment, Page 10
Money markets, Page 15
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Management buy-out at Vickers warship yards

BY LISA WOOD AND IVOR OWEN

THE Government yesterday overruled the recommendation of state-owned British Shipbuilders that its Vickers warship yards be sold to Trafalgar House, the industrial conglomerate.

It accepted a sharply lower £100m management consortium bid for the business which includes the Vickers yard at Barrow-in-Furness and the Cammell Laird yard at Birkenhead on Merseyside. The consortium intends to offer shares to its employees, their relatives and residents in the area round the yards.

Mr Paul Channon, Trade and Industry Secretary, told the Commons that he found unacceptable a term in the Trafalgar bid which he was bound not to disclose without the bidder's permission.

In a brief statement later, Trafalgar House, clearly upset by speculation that this meant it had intended to close Cammell Laird, said: "The condition in the Trafalgar offer referred to in the Secretary of State's statement concerns the safeguards required by Trafalgar in the event that a contract for Trident was not forthcoming within two years."

The Vickers shipyard in Barrow-in-Furness is the only UK yard capable of building the Trident nuclear submarine. The Ministry of Defence is expected to sign contracts with Vickers within the next few months. All Ministry of Defence contracts include break-clauses for contracts placed but Trafalgar had wanted some compensation if the contract was not placed.

Trafalgar, which owns the Scott Lithgow shipyard on Clydebank, said its clause did not refer to any cancellation of the nuclear deterrent by a future Labour government.

The management consortium has fought a fierce local fight for the business. Mr Cecil Franks, Conservative MP for Barrow-in-Furness, who unseated Labour's Mr Albert Booth with a 4,577 majority in 1983, was a leading signatory of a backbench motion supported by more than 100 Tory MPs advocating the sale to the consortium. Vickers is Barrow-in-Furness's major employer with 12,000 workers there and another 1,500 at Birkenhead.

The consortium's offer consists of a downpayment of £60m together with a profit-sharing arrangement for the period 1986-1992 which could provide British Shipbuilders with further payments of up to £40m in 1992 and 1993. The offer has been underwritten by Lloyds Merchant Bank and a dozen institutions including Norwich Union Life Insurance, Eagle Star, Prudential Assurance, and First National Bank of Boston in the US.

The sale is part of the privatisation of BS's warship yards led by Mr Graham Day, BS chairman, who is soon to become chairman of BL.

In response to late questions

Continued on Back Page

Wedd Durlacher cuts its staff

BY JOHN MOORE, CITY CORRESPONDENT

TEN DEALING STAFF, including four partners of Wedd Durlacher Mordaunt, the stockjobber or market maker in securities, have been asked to leave the firm in the first important rationalisation move in the London financial services' revolution.

Mr John Robertson, the senior partner of Wedd Durlacher, said yesterday: "We feel that under current circumstances it is fair to those concerned that they should go soon when prospects of alternative employment are good, rather than later when the going, undoubtedly, will be harder."

If Wedd Durlacher's rationalisation moves are to set a precedent in other firms, the sharp rise in City salaries could be checked as more dealers are forced to look for other jobs. Many now earn six-figure salaries and often move to other securities firms for large increases and big transfer fees.

Mr Robertson announced the plans ahead of a partners' meeting today in which a formal agreement will be signed giving Barclays Bank an 80 per cent controlling stake in the market maker at the end of April. The 100-strong Wedd Durlacher partnership will hold the rest of the equity.

Wedd Durlacher said that it had sought the departure of the 10 following a review of the likely pattern of trading in the de-regulated British securities' market. Wedd Durlacher fears that conditions will be highly competitive and that there will be a fall in the volume of its business once the Stock Exchange fully institutes its reforms to allow brokers to act as market makers.

The 10 who are going deal mostly in UK equities and two of those involved have decided to take early retirement. Compensation terms were not disclosed.

Barclays is still in discussion with Wedd Durlacher over the terms of individual employment packages. The four partners have been asked to stay on with the market maker until July, while the others are expected to leave at the end of April.

In 1984, Barclays Bank moved to acquire Wedd Durlacher as part of its plans to establish a big investment banking presence in the restructured financial services community. At the time, it was reckoned that the terms valued Wedd Durlacher at about £100m.

Barclays has been hit by a wave of staff defections from Wedd Durlacher since it forged the link with it and de Zoete & Bevan, a stockbroker which is to form part of Barclays securities operations.

The most significant defections came last July, when eight senior dealers left to join the securities operations of Kleinwort Benson, the merchant bank.

To keep senior personnel from defecting, Wedd Durlacher made 40 of its staff partners. It has 440 staff at present of whom 100 are partners. The new securities operations of Barclays are expected to employ 1,250.

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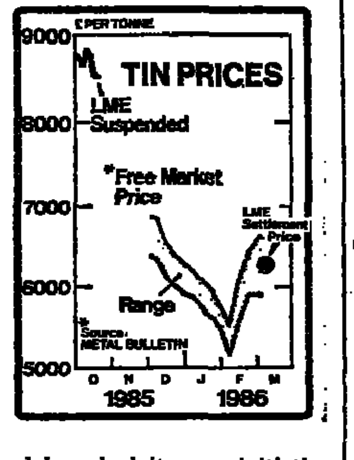
LME ends tin trading and sets settlement price

STEFAN WAGSTYL AND IVOR OWEN

THE London Metal Exchange, the world's leading metals market, has bitten the bullet in the international tin crisis, setting a fixed settlement price for all outstanding tin contracts and ending tin trading on the exchange for good.

The decision announced yesterday evening ends months of uncertainty at the exchange by quantifying the losses faced by the metal trade in the wake of the £900m default of the International Tin Council.

The settlement price, to be paid by noon on Wednesday, is £6,250 a tonne. This is well short of the average price of £8,900 a tonne which the ITC owed the market. It is, however, broadly in line with the current secondary market price.



After two days' deliberations the LME board and committee decided, by a fairly close vote, against the alternative to a fixed settlement. This would have been reopening the tin market, shut since the crisis erupted in October, and letting prices find their own level.

The exchange feared that this could have plunged many brokers and perhaps the whole LME into bankruptcy because the stock of tin overhanging the market could have driven prices far below £6,250 a tonne.

As it is, one or two of the 13 brokers with ITC contracts face possible losses of up to £20m to £25m. Mr Michael Brown, LME chief executive, when asked whether there would be bankruptcies said: "I don't know. Nobody knows. But I hope not."

Some brokers will be grateful to the exchange authorities for minimising their losses. Others, however, who had short positions and so stood to benefit from a complete collapse in prices, will be upset because the decision limits their own and their clients' profits. The exchange authorities, having already been threatened with legal action in the crisis, are prepared for the worst.

The ruling carries no provision for any resumption of LME trading. Mr Brown said: "Tin trading is finished."

The LME's ruling came in the wake of the failure of negotiations between the ITC and its creditor banks and brokers over a joint refinancing of the council which would have enabled it to meet its debts.

Rescue talks were abandoned on Wednesday after all 22 members of the ITC, which ran out of money administering an inter-governmental price support pact, failed to agree on the proposals.

Yesterday the council was still refusing to admit defeat and launched its own initiative to try to win over the four countries which had not backed the settlement—Indonesia, Thailand, Nigeria and India. The council is pressing for positive answers by Monday.

There was considerable scepticism in the City, however, about the prospects for this move. Mr Ralph Kestenbaum, co-author of the rescue plan and joint managing director of Gerald Metals, said: "The whole thing is utterly and completely dead."

A unilateral bail-out by the British Government has also been rejected by ministers who heard a last-ditch appeal from the LME on Thursday night. Yesterday Mr Alan Clark, Trade Minister, told the Commons Britain would only act in concert with other ITC members to mount a salvage operation.

He told MPs who expressed concern about the wider implications of the collapse of the LME that the immediate prospects for such an operation looked exceptionally bleak.

Mr Alan Williams, a Labour Party industry spokesman, attacked the Government for failing to have contingency plans to deal with a situation in which 13 brokers were at risk and which could lead to the death of the Cornish tin industry.

Mr Robert Maclennan, Social Democratic Party MP for Caithness and Sutherland, said Mr Clark's attitude was deeply irresponsible and a shocking abdication of government responsibility.

Mr Clark replied that Britain had taken a leading role in the attempts to mount a rescue and had received virtually no support from the other ITC members.

In the City the council's creditors were left to assess the effects of the collapse of talks. Few of the 16 banks owed money by the ITC and holding

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WEEKEND FT

RENAISSANCE

The French arts scene has been transformed. David Houseg0 investigates.
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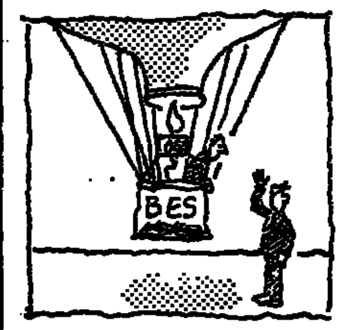


INVESTMENT

FT reporters analyse the development of the Business Expansion Scheme.
Pages VI and VII

COUNTRY COTTAGES

It's not all roses round the door either for owners hoping to capture a slice of the tourist trade—or for the captive tourists.
Pages XII and XIII

FT SAFARI

The Streep-Redford Africa is sanitised and romanticised place. For those who prefer the Dr. Livingstone approach, offer the FT safari.
Page XV

UK stands out against EEC clean air moves

BY PAUL CHEESERIGHT IN BRUSSELS

EUROPEAN Community planners searching for a system acceptable to 12 states for reducing air pollution from industrial plants were yesterday back at the drawing board.

Environment ministers talking late into the night on Thursday had in effect thrown out proposals to order a 60 per cent cut in sulphur dioxide, a 40 per cent cut in nitrogen oxide and a 40 per cent cut in dust and particles pollution between 1980 and 1992.

Instead they made a general commitment to cleaner air and produced a carefully drafted but vaguely defined set of criteria.

Even this was too much, however, for Mr William Waldegrave, Britain's Environment Minister, who returned to Whitehall yesterday. He was the only national representative unable to accept the declaration. Officially, Britain is reserving its position.

Disregarding the British attitude, the European Commission and the Netherlands Government, now holding the presidency of the Community, are to produce new clean air proposals by June 12 and detailed requirements by the end of the year.

In the second half of the year, however, the UK holds the presidency and could find itself running discussions on proposals with which it could be out of sympathy.

The criteria agreed yesterday allow numerous interpretations, suggesting that national problems which have surfaced during two years of talks on the subject have been only temporarily buried.

The only clear point which emerged is that Community legislation, based on German requirements, is not acceptable to the majority of EEC states.

Apart from the UK, the Community is agreed that:

- Emissions from all new plants should be set on standards related to the best available technology not involving excessive costs;
- The setting of a Community target for reductio nof sulphur emissions should be stricter than the 30 per cent set out in the Helsinki protocol of last year—which the UK never accepted;
- Proposals should take account of the scale of polluting emissions, their contribution to pollution in Europe, special situations related to the stage of economic development and the nature of locally available fuels.

These conditions are designed to take into account the fact that Ireland, Portugal and Greece would have financial problems in paying for a clean-up of industrial plants. They acknowledge that the UK has consistently held out against spending about £1.5bn on environmental equipment until the causes of pollution are more closel yidentified scientifically.

At the same time Italy has a problem in that its power stations use large quantities of high-sulphur oil from the Middle East. And Spain does not want to spare resources for environmental purposes which could be used in fostering economic growth.

Such national difficulties, which prevented agreement on the original Commission proposals, will again loom large as discussions on cleaner air move into a new phase.

Dobrynin: not a man to flinch at poker

By Reginald Dale, US Editor in Washington

WITH THE return of Mr Anatoly Dobrynin to Moscow after an astonishing 24 years as ambassador to the US, Washington will have, if not exactly a friend, at least a long-standing acquaintance in high places in the Soviet Union.

Mr Dobrynin, 66, is expected to play a key foreign policy role in his powerful new position on the party secretariat, at a time when the superpowers are in the midst of a tiff over how to conduct their future summit-level relations.

Earlier this week, Mr Reagan raised the ante in the summit preparation poker game by warning that he would not go to Moscow for a return encounter with Mr Mikhail Gorbachev, the Soviet leader, next year, if Mr Gorbachev continues to be difficult about setting a date for his planned visit to the US later this year.

Mr Dobrynin has been involved in every incident of tension or detente in US-Soviet relations over the past quarter century. He has attended every US-Soviet summit since President John F Kennedy's meeting with a surly Kruschev in Vienna in 1961. He is not the sort of man to flinch at the poker table.

By the time that Mr Reagan arrived in the White House in January, 1981, Mr Dobrynin had acquired an already legendary role in the power corridors of Washington. He had been Mr Henry Kissinger's partner in the so-called "back channel," in which the two men by-passed regular negotiating sessions to try to resolve the most difficult issues of arms control and conflicts such as Vietnam and the Middle East.

When he took over as Soviet ambassador in 1962, he said that he did not see his job was to "exchange angry notes."

Mr Reagan, then still in his "evil empire" phase of open hostility to Moscow, decided to take him down a peg. Mr Reagan, or more accurately Mr Alexander Haig, his first Secretary of State, quickly dealt Mr Dobrynin a calculated snub by denying him his previous private access to the State Department via the underground parking lot and a private lift.

Mr Dobrynin's relations with Mr George Shultz, the current secretary, have been warmer. Since Mr Shultz took over in 1982, US-Soviet relations have taken a turn for the better, Mr Dobrynin has, however, got quite angry on recent occasions over Mr Reagan's Strategic Defence initiative—"Star Wars."

In 1962, shortly after arriving in Washington, he found himself at the centre of the Cuban missile crisis. Mr Robert Kennedy, then US Attorney General, said that Mr Dobrynin had seemed very shaken, out of the picture and unaware of any instructions for dealing with the incident that brought the superpowers to the brink of nuclear war.

Other American officials concluded that he had simply been pulling the wool over Washington's eyes in the best tradition of diplomacy. Mr Malcolm Toon, a former US ambassador to Moscow, has described Mr Dobrynin as "one of the ablest diplimats of the 20th century." It is unlikely that Washington has heard, or seen, the last of him.

Strike by cabin staff fails to halt most TWA services

BY WILLIAM HALL IN NEW YORK

TRANS WORLD AIRLINES (TWA), the biggest transatlantic airline, yesterday continued to operate the bulk of its more than 600 daily flights yesterday after its 5,759 cabin attendants went on strike.

The airline said that it had cancelled international flights to Barcelona, Copenhagen, Tel Aviv and Athens but most of its other routes were operating and Mr Carl Icahn, the Wall Street financier who recently took control of the financially troubled carrier, said yesterday that he expected TWA to be operating 100 per cent of its flight schedules "within a week."

TWA has recruited and trained 1,500 non-union cabin attendants and another 1,500 of the company's managers are standing in as cabin staff during the dispute. Pickets from the Independent Federation of Flight Attendants formed outside TWA premises across the US yesterday and the union said that TWA members of the Machinists Union had refused to cross the picket lines.

The situation remained confused early yesterday. It was clear that TWA pilots were crossing the flight attendants' picket lines and continuing to operate normally and TWA said that members of the Machinists Union were also working normally. The company also said that numerous members of the flight attendants union had decided to go to work.

Mr Icahn said yesterday that his company had reduced the size of the 22 per cent wage cut that it was seeking from its flight attendants in a bid to seek a settlement. But he said that the airline insisted that the flight attendants agree to accept work rule changes which would increase the number of hours worked.

The union said that these changes would force them to spend an additional eight to ten unpaid hours a week away from home. The flight attendants are the most vulnerable of the three unions in the US airline industry which is in the midst of a major upheaval caused by the emergence of cut-price, low-cost carriers, such as People Express.

Aquino . . . under fire

Aquino under pressure over promotions

BY SAMUEL SENOREN IN MANILA

THE GOVERNMENT of President Corazon Aquino of the Philippines has come under pressure from the reformist group in the armed forces who helped her seize power from President Ferdinand Marcos nearly two weeks ago, for disregarding rules on military promotions.

Mrs Aquino's Government is also under increasing criticism from local elected officials who are being asked to vacate their positions so they can be replaced by people of its choice.

These developments are clear signs that things are not working fully well within Mrs Aquino's Government since its Justice Minister, Mr Neptali Gonzales, declared on Tuesday the existence of a "revolutionary" government.

Mrs Aquino had promoted Air Force Lieutenant-Colonel Adelberto Yap to full colonel effective two days after she took her oath as President on February 25.

Col Yap, who is married to one of Mrs Aquino's active campaigners in the election, was appointed Presidential assistant on military affairs and senior aide.

The promotion, which was not evaluated by senior officers, was also not recommended by the Defence Minister, Mr Juan Ponce Enrile, who normally endorses such promotions.

The promotions issue was one of the key reasons for the formation of the reformist group during the régime of Mr Marcos who used to bestow rank and grade on favoured officers.

Supporters of a number of local elected officials have occupied town halls and offices to prevent a changeover from taking place.

There is now a wide perception that an election of local officials will have to be called to prevent violence.

Yesterday, Mrs Aquino formally swore in 17 members of her Cabinet at the Presidential palace. One post, that of the Labour Ministry which has yet to be filled, is bein contested by supporters of Mrs Aquino and her Vice-President, Mr Salvador Laurel.

Mr Laurel, who is also Foreign Minister, cancelled the passports of Mr Marcos and the 88 members of his entourage who fled to Hawaii last week.

Reagan appoints Habib Central America envoy

BY OUR U.S. EDITOR

Habib . . . key role in Philippines

PRESIDENT REAGAN yesterday appointed veteran diplomat Mr Philip Habib to be his special envoy for Central America, stressing that he wanted to see a "diplomatic solution" to Washington's dispute with the left-wing Sandinista Government of Nicaragua.

Mr Habib, 66, had returned only yesterday morning from his second mission to the Philippines, where Mr Reagan has said he played a "key role" in maintaining US communications with Manila during the transfer of power to President Corazon Aquino. He replaces Mr Harry Shlaudeman, who has been barely visible as Central American envoy in recent months.

Mr Reagan, currently in the midst of an increasingly bitter fight in Congress over renewed US military aid to the Nicaraguan Contra rebels, warned that there should be no "misunderstanding." Ambassador Habib's efforts to achieve a diplomatic solution must be accompanied by an increasing level of pressure on the Nicaraguan communists," he said.

Mr Reagan is to make a nationally televised appeal for support for the Contras, for whom he is seeking a $100m aid package, on March 16. The White House said that the President, while facing an "uphill battle" on the proposed aid—of which $70m would be in military supplies—would continue an aggressive lobbying effort in the coming days.

Mr Reagan's proposal has run into particularly stiff opposition in the Democrat-controlled House of Representatives.

Portuguese row over oil prices

By Diana Smith in Lisbon

PORTUGAL'S minority Social Democrat Government is facing a row in parliament over its reluctance to cut prices of oil derivatives after the sharp fall in crude prices and dollar rates.

Arguing that oil derivative prices must be maintained because a substantial part of their revenue goes to subsidise prices of bread, milk, animal feeds and other basic goods, the Government has refused to imitate the example of Spain which has cut the price of a litre of high-octane petrol to 82 pesetas.

In November, the Portuguese administration raised the price of petrol to Es 115 a litre, the equivalent of £2.20 a gallon. Diesel now costs Es 70 a litre and top-grade fuel oil, on which industry and electricity supplies rely heavily, costs Es 34.50 a litre.

Portugal's wage levels are half those of Spain and in frontier areas, cars are flocking across the border to fill their tanks from the cheaper Spanish pumps.

Cashing in on public displeasure with expensive oil derivatives, the Portuguese Communist Party has tabled a draft Bill demanding a 10 per cent cut in the prices of oil derivatives.

Sri Lanka offers guerrillas ceasefire pact

BY MERVYN DE SILVA IN COLOMBO

SRI LANKA'S National Security Minister, Mr Lalith Athulathmudali, yesterday offered Tamil separatist rebels a truce. He said the Government was ready for a ceasefire if the rebels agreed not to bring men and material from Tamil Nadu, the south India state which is just 20 miles away from Sri Lanka's Tamil northern province, the heart of the insurgency.

Mr Athulathmudali also insisted that India impose strict control on the activities of the separatist groups based in the Tamil Nadu capital.

India has denied assisting the guerrillas. In its latest note it dismissed Sri Lanka's charges as "baseless."

The last ceasefire which lasted only a few months was ineffectual.

Meanwhile, India has accused the Sri Lankan Government of trying to "camouflage its real intentions" about a settlement of the island's conflict.

In a tough diplomatic note to Colombo the Indian Government made it clear it suspects Sri Lanka of seeking "a military solution." If it persists in this attitude, says the note, which diplomats here regard as "a virtual ultimatum," the result will be "a prolongation of the agony."

The note also makes a stinging indictment of the Sri Lankan armed forces. It says 125,000 Sri Lankan Tamils have been forced to flee to India "out of terror" created by the "repeated, indiscriminate and brutal actions of the Sri Lankan security forces."

Delhi has dismissed as "baseless and tendentious" Sri Lankan allegations of Indian support to the separatist Tamil rebels.

- Indian diplomats have been suggesting privately that Sri Lanka may have agreed to an initiative for a ceasefire and peace talks last summer in order to buy time to equip its previously small defence forces, our Foreign Staff writes.

Defence expenditure has increased seven times in the last eight years, tripling in the past three years.

Gandhi takes over direct control of Kashmir

BY JOHN ELLIOTT IN NEW DELHI

THE Indian Government led by Mr Rajiv Gandhi yesterday took direct control of the politically sensitive northern border state of Jammu and Kashmir and replaced the elected Administration with rule by the state governor.

This followed Hindu-Moslem clashes during the past two weeks which brought to a head a 20-month long dispute about the legitimacy and effectiveness of the state government led by Mr G. M. Shah, the Chief Minister.

The state is specially sensitive because it is claimed by both India and neighbouring Pakistan. The troubles have coincided with a reassertion by Pakistan of its determination to win back the territory over which the countries have fought two wars since they gained independence in 1947.

President Zia Ul Haq of Pakistan was reported last week to have said there could be "no compromise" on his country's claims.

Mr Shah came to power amid violent clashes in July 1984 when a political coup organised with the assistance of Mrs Indira Gandhi, India's late Prime Minister, removed the government of his brother-in-law, Dr Farooq Abdullah.

Despite widespread allegations that Mr Shah's Administration was corrupt and ineffective, Mr Gandhi last year resisted calls for its overthrow. He said he did not believe in the policy of toppling state governments which was followed by his mother.

But his hand was forced by riots during the past fortnight, which included attacks on the high Hindu caste Kashmiri Pandit community to which his mother's family belongs.

The riots started in Kashmir and other parts of northern India last month after a court ruling reopened a former mosque, which had been closed since 1947, as a Hindu temple.

Attacks by Hindus and Moslems on each other, which are common in other parts of India, are unusual in Moslem-dominated Kashmir. Mr Arjun Singh, a leader of Mr Gandhi's Congress I Party, last night said Mr Shah's government had been allowing divisive forces to gain power.

Mr Shah yesterday resigned from his post as Chief Minister a few hours after Congress I removed its support for him in the state's assembly, reducing his support from 42 out of the 72-member assembly to 16.

- Mr S. Patil Nilangekar, Chief Minister of the Congress I government of Mahrashtra, resigned yesterday after a court judgment inferred he had manipulated university examination results to benefit his daughter.

Group of 24 back call for cut in debt interest rates

BY JIMMY BURNS IN BUENOS AIRES

THE GROUP of developing countries yesterday endorsed a Latin American proposal for a cut in interest rates, in negotiations involving the Third World's most heavily-indebted countries.

The group, which represents Latin American, Asian, African, and Middle Eastern countries, on economic issues at the International Monetary Fund and World Bank, agreed to step up demands for "equal footing" status with industrialised countries within multilateral agencies.

It reiterated a demand for an inter-ministerial committee under the auspices of the IMF and World Bank to discuss new ways of dealing with regional debt and of increasing the transfer of resources to the Third World.

These initiatives emerged from a five-day meeting called by Argentina to co-ordinate positions before next month's session of the IMF's policy-making interim committee.

Yesterday's final communiqué confirms the increasingly active role within the group played by Latin American countries.

Last week, the 11-nation Cartagena Group of Latin American debtor countries produced an inconclusive meeting at the Uruguayan resort of Punta del Este.

Officials said yesterday that the G24 document would give added impetus to individual debtors as they strive to strike a hard bargain in negotiations with creditors.

Meeting for the first time since the formulation of the Baker Plan last October, G24 has taken its cue from the Cartagena Group in giving only qualified support to the initiative of Mr James Baker, US Treasury Secretary, for dealing with Third World debt.

France steps up curbs on NZ imports

FRANCE appears to have stepped up its restrictions against New Zealand imports as part of its campaign to secure the release of two French foreign intelligence agents imprisoned in New Zealand, writes David Housego in Paris.

The two agents are serving prison sentences for their part in the blowing up of the Greenpeace boat the Rainbow Warrior.

Two French wool importing associations yesterday issued statements protesting at action by the French customs authorities delaying New Zealand wool imports into northern France.

The New Zealand embassy in Paris said: "It looks as though they (the customs authorities) are doing a Japanese video recorder on us."

Three years ago the French restricted imports of Japanese VTRs into France by insisting they be processed through customs in central France.

The wool importers complained that they were being forced by the customs to empty containers as part of a rigorous controls on New Zealand wool imports initiated since February 19.

They complained that the controls were slowing up deliveries and thus proving costly.

The New Zealand embassy said it thought this form of harassment was being applied because no import licence was required for bringing wool into France.

At the samet ime the embassy disclosed that a French importer of kiwi fruit seeking to renew his import licence had been told that new licences had to be enput "in abeyance until further notice."

Home front Iraqis find ways to cope with Gulf war

BY MAGGIE FORD, RECENTLY IN MOSUL

DOWN a sidestreet in suburban Mosul, Iraq's second city, lie the ruins of one of the world's most ancient civilisations. Its gates guarded by two giant statues of winged bulls, its perimeter by two anti-aircraft guns, the city of Nineveh rests quietly awaiting the end of Iraq's latest war to be restored to its former pomp.

Nineveh has seen the enemy before. In 627 AD it played host to the Emperor Heraclius from Constantinople, leading a holy Christian crusade against the Persians. They had invaded the empire and encroached as far as Jerusalem, but this time they were defeated.

The site of this sizeable city, built as the administrative capital of the Assyrian empire in 1400 BC, is 10 miles across and surrounded by a partially excavated city wall with 15 gates, is peaceful today. Rows of spinach and lettuces are planted across its fields and a local guard augments his pay for looking after the site with a flock of sheep and a pen full of hens and turkeys.

Foreigners have not been able to visit Nineveh, or any of the country's other famous sites since the Gulf war began and locals visit only rarely.

The scene is one of rural charm and beguiling future promise. But the brooding perimeter guns provide a sharp reminder that modern Iraq, like its ancient predecessor, is a nation at war.

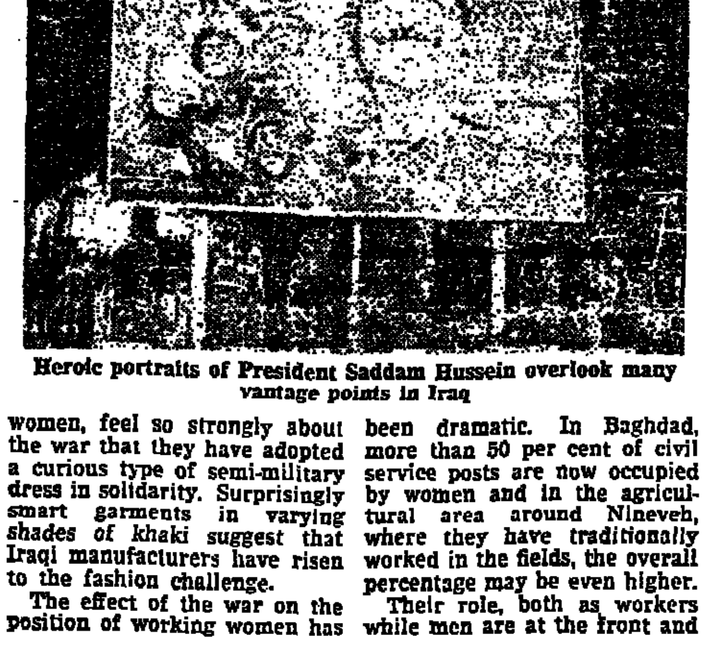
The people of Mosul, though they are far from the southern battlefront, cannot escape this reality. Nightly on their television screens President Saddam Hussein appears, decorating war heroes or describing the latest horrors perpetrated by the enemy in an informal, chatty style that seems to appeal.

His message is bolstered by documentaries on the effects of war — such as the action of chemical warfare on the body —which cannot but bring home to people that the hostilities may be remote, but are none the less horrific.

In the past five years, almost every family has been affected by death or serious wounding, partly because Iraqi families are so large.

If there is one thing that the people of this much-colonised country of diverse races and religions can probably argree upon, it is that they do not wish to be controlled by the Persians for a third time.

Some people, including women, feel so strongly about the war that they have adopted a curious type of semi-military dress in solidarity. Surprisingly smart garments in varying shades of khaki suggest that Iraqi manufacturers have risen to the fashion challenge.



Heroic portraits of President Saddam Hussein overlook many vantage points in Iraq

The effect of the war on the position of working women has been dramatic. In Baghdad, more than 50 per cent of civil service posts are now occupied by women and in the agricultural area around Nineveh, where they have traditionally worked in the fields, the overall percentage may be even higher.

Their role, both as workers while men are at the front and as mothers of the children that will replace those who have died, is seen as a key one, but women also have Government support to enjoy the other fruits of freedom.

Men muttering darkly about the "feminist republic of Iraq" can now be found in the kitchen helping to prepare lunch.

Day-to-day life does not seem to have been seriously affected by the war so far, apart from last summer's serious vegetable shortage, during which even diplomats were requesting permission to travel outside Baghdad in order to stock up on potatoes.

Officials are discouraged from indulging in public in Iraq's favourite drink—Johnny Walker Black Label Scotch—but private drinking remains the norm, although prices have risen.

Attempts to raise the price of bread, unchanged for 20 years, were recently tossed out by the National Assembly and supplies of petrol in this oil-producing country have never been a problem.

Perhaps the most irritating side effect of the war, for middle-class Iraqis at least, is the ban on foreign travel for all but official or urgent medical reasons.

In a country where summer temperatures reach 50 deg C, the advent of oil income had allowed many to escape to Europe for their holidays, a custom now strongly valued.

Here, Nineveh may find a new role. For there are already signs of a developing local tourist industry in this cooler northern area in the foothills, where the echoes of war come mainly from a far-off time.

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Singapore to cut taxes and boost spending

BY CHRIS SHERWELL IN SINGAPORE

THE SINGAPORE Government has ordered a major boost in its development spending as well as stimulative tax cuts in a further energetic bid to reverse the damaging contraction in the island-state's economy.

The latest round of measures was unveiled in parliament yesterday by Dr Richard Hu, the Finance Minister, when he presented the country's 1986 budget covering the fiscal year beginning in April. It was his first budget since taking over the portfolio last year.

"My priority is economic recovery," he declared in a somewhat stolid speech lasting under an hour. Although much depended on the world economic situation, he said, "there is much we can do to help ourselves." In the long term, "our entire economic environment must be made favourable to business and enterprise."

Analysts said last night it was difficult to gauge precisely how expansionary the government's fiscal stance might be, principally because of accounting changes for land transactions between the Government and the official agency responsible for public housing.

The change affects government revenues through land sales and its debt service burden because of increased public sector borrowing.

Under the budget, total development spending in fiscal year 1986 will rise to S$13.5bn (£4.3bn), an increase of no less than 50 per cent on fiscal 1985.

Even discounting the distortion caused by the accounting change, the rise is put by the Government at 33 per cent.

Overall government spending is 37 per cent higher at just over S$22bn, equivalent to 60 per cent of Gross Domestic Product, or 43 per cent allowing for the accounting change.

Operating expenditure, at S$8.5bn, shows a rise of 20 per cent on fiscal 1985. But servicing a vastly increased public sector debt will take almost 30 per cent of this—S$2.5bn as against 1985's S$1.5bn—while defence will consume another 24 per cent.

As these seem unlikely to fall substantially in the near future, other recurrent expenditure will probably be squeezed, and Dr Hu said yesterday that the Government had decided to reduce the permanent staff employed in the public sector by 10 per cent over the next five years.

On the tax front, Dr Hu confirmed the measures announced last week which reduced corporate tax from 40 to 33 per cent—less than hoped—and offered a 25 per cent rebate on personal income tax in the current year.

But he added two further sweeteners: a drop in the top marginal rate of personal tax from 40 to 33 per cent in fiscal 1986 and, to help the lower paid, an increase to 15 per cent (from 10 per cent) in the rebates offered on the first S$10,000 of chargeable income.

To help the depressed property sector, Dr Hu confirmed an increase in the property tax rebate from 30 to 50 per cent.

Japanese rate cut 'improves outlook'

By Yoko Shibata in Tokyo

THE 0.5 per cent cut in the discount rate announced yesterday combined with a similar cut on January 30, is expected to provide a considerable boost to Japan's domestic economy, Mr Satoshi Sumita, governor of the Bank of Japan, said yesterday.

Prospects had dimmed recently, he told a parliamentary committee, because of a slowdown in export growth resulting from the rise in the value of the yen.

The bank's quarterly survey on industrial activity had revealed that Japanese export growth had decelerated and corporate profits were falling. The survey was conducted in early February.

The yen has now strengthened by about ten points to 179-180 and the central bank believes the nation's manufacturing industry has experienced further deterioration.

Among major corporations surveyed, 16 per cent were happy with business conditions and 21 per cent were not. This was the first time in two years that a majority had reported weak business conditions.

Some Western doctors are looking seriously at Chinese medicine, **Robert King** writes

Hope springs from Dr Huang's magic hands

DR TOM HUANG takes about five minutes to treat a sports injury that, defying Western medicine, has plagued a patient for several years. He massages the injured area, inserts an acupuncture needle while he prepares a herbal poultice, and tells his patient to start exercising normally in a week.

It sounds like nonsense. But Dr Huang's magic hands and herbs have cured dozens of foreigners, and probably thousands of Tainwanese whose cases have been written off by traditional Western practitioners as chronic and incurable.

Testimonials from foreign bank managers and heads of well-known multinational companies grace the walls of his Taipei office. It is common in Taipei for foreigners to head for Dr Huang when muscles, tendons, joints, and the like go awry.

The famous Dr Huang is but one of thousands of practitioners of various Oriental disciplines. Throughout the region and also in many western countries, people are starting to visit Chinese doctors to ask for help on complaints ranging from the common cold to back pain.

Some Western doctors have now stopped laughing and begun seriously looking into Chinese medicine as an alternative to conventional approaches. Some Taiwanese doctors and medical researchers, in turn, are beginning to incorporate Western medical techniques into their own centuries-old practices.

People are starting to visit Chinese doctors to ask for help with their complaints which have been written off by traditional Western practitioners as chronic and incurable.

Partly to dispel the scoffing, partly to chart more closely the claims of traditional Chinese medicine, two major hospitals in Taiwan have over the past few years conducted a series of controlled studies that indicate that some of the claims have a basis in fact.

Researchers at the Chinese medical college in Taichung, which operates both Western and Eastern clinics, say for instance that they have verified the anaesthetic properties of acupuncture. There studies indicated that the tiny needles somehow cause the brain to release appropriate amounts of endorphins, or natural pain-killers, that make surgery possible without using anaesthetics.

Other researchers are looking at acupuncture principles as possible diagnostic tools. Dr Chung Jye, a licensed practitioner of both Western and Oriental medicine and head of the acupuncture department at Veteran's General Hospital in Taipei, has run blind studies on 500 to 600 patients over the past two years, involving parallel diagnoses in both clinics.

Dr Chung uses a "bioenergy" machine to measure conductance of the body at acupuncture points corresponding to organs and other body parts. He says his findings correlate with those of his Western-trained colleagues in roughly 80 per cent of cases.

If his correlations stand up in future tests, they will further underscore the importance the Chinese have traditionally placed on prevention and early treatment. In fact, acupuncture under the Chinese systems forms the first line of defence against disease: keeping the body's bioenergy in balance, and readjusting that energy when sickness occurs.

In later stages of disease, Chinese healers rely on moxibustion (the burning of herbs on the skin) and finally ingestion of herbal remedies. Dr Chung says his bioenergy machine can also deliver a type of "electric acupuncture" treatment in addition to its use as a diagnostic tool.

"Looks like an overdose to me."

Dr Yung Hsien Chang, director of the Chinese medical colleges acupuncture department, shares Dr Chung's belief that Chinese and Western disciplines can complement each other. Like Dr Chung, he holds degrees in both Western and Chinese disciplines, and combines methodology from both in diagnosis and treatment.

For instance, he uses acupuncture as a local anaesthetic during operations to short or lengthen eye muscles. With the patient thus awake and functioning, he can check the results of his surgery immediately and make necessary adjustments on the spot. The department is currently studying the effects of both Chinese and Western medicine on hepatitis-B, which is so prevalent in Taiwan that researchers have called the island "the hepatitis capital of the world."

Western techniques are used to diagnose the disease, and several different Chinese medicines and treatments are prescribed, because Chinese theory classifies what Western science calls one disease in several different ways. Chinese medicine holds that there are more than 40 sub-sets of the common cold, for instance.

So far, says Dr Chang, the research indicates that Chinese medicine has a strong effect on what the West calls chronic active hepatitis.

Researchers have also been able to lengthen the time between dialysis treatments for patients with extreme kidney disfunction. The ultimate goal of their study, however, is nothing short of restoring kidney function.

South African gold mine hit by second strike

BY JIM JONES IN JOHANNESBURG

VAAL REEFS, South Africa's second largest gold mine, yesterday closed four of its operating shafts and two workshops following a strike by 15,000 black employees. Management said yesterday it was considering how to restore order at the mine.

Last week the mine's East Division was brought to a halt by a two-day wildcat strike by 12,000 men demanding the unconditional release of nine miners detained by police investigating the murder a week before of four senior black mine employees.

The strikers were persuaded to return to work by representatives of the National Union of mineworkers (NUM), while five men who eventually appeared in court as part of the murder investigation were refused bail.

● Consolidated Diamond Mines (CDM), the wholly owned subsidiary of De Beers, has excessively depleted high grade diamond reserves in its Namibian concessions, according to a government appointed commission of inquiry

The commission, headed by Mr Justice Thirion, said in an interim report published in Windhoek yesterday that CDM had acted on instructions from the board of De Beers and had excessively depleted high grade diamond reserves to the detriment of the life of the diamond industry in the country.

The commission concluded that mining of the richest diamond reserves to the exclusion of lower-grade deposits has been going on since the 1960s.

CDM was granted Namibian coastal diamond concessions confiscated from their former German owners in 1923 under a contract known as the Halbscheid Agreement.

De Beers has strenuously denied allegations that it was overmining in contravention of the Halbscheid Agreement on several occasions before publication of the Thirion report.

Rebel suspects detained

ABOUT 500 people have been detained in eastern Uganda in the past week suspected of planning to overthrow the newly-installed government of President Yoweri Museveni, police said yesterday, Reuter reports from Kampala.

A police spokesman in the eastern town of Jinja, where most of the men are being held, said that during the detentions large quantities of arms were recovered in forests in Iganga district, 75 miles east of Kampala.

Government officials said the men had planned to overthrow President Museveni and bring back former leader Milton Obote from exile in Zambia.

Obote was toppled by the army last July. His successor, General Tito Okello, was ousted when Museveni's National Resistance Army guerrillas took Kampala six months later.

Museveni's forces are still fighting for control of the northern half of the country

Changes ordered in franking machine market

BY CHRISTOPHER PARKES

PITNEY BOWES and Roneo Alcatel, the two companies which dominate the £35m-a-year British market for postal franking machines are to be ordered to change their pricing and selling policies to allow other suppliers a chance to compete in the market.

The move follows publication yesterday of a *Monopolies and Mergers Commission* report which, according to Mr Michael Howard, Consumer Affairs Minister, showed prices were "higher than they needed to be or would be in conditions of more effective competition."

However, the commission rejected the option of imposing price controls because they might harm smaller companies and new entrants to the market.

It also warned Pitney and Roneo, which share an 88 per cent slice of the market, to prevent sales malpractices by their sales forces. Mr Howard called for appropriate action against staff using or allowing such tactics.

The Post Office will be asked to relax its regulations governing the installation, design and maintenance of franking machines. The commission claims these controls hamper free competition.

Present rules tend to concentrate all these functions under the control of the companies supplying the equipment. Strict regulations are considered necessary to prevent fraud. About a third of total British postal revenue — about £770m — is collected through franking machines.

The main changes for the manufacturers include:

- Providing price lists.
- Supplying spares to other maintenance companies.
- Reducing maintenance requirements imposed on machine users.
- Allowing those leasing franking machines to dispose of them "otherwise than by returning to the leasing company."

Mr John Moody, managing director of Pitney Bowes, which claims more than 50 per cent of the market by values said he saw no difficulties in complying with the commission's demands. "They are not going to change things significantly," he said.

To the suggestion that the market leaders were guilty of sales malpractices, he said all Pitney salespeople worked to strict guidelines. He claimed that from the 135,000 franking machine users in the country, the commission had only about 30 complaints of incomplete or incorrect sales information.

"To the best of my knowledge there are no significant independent maintenance companies in this country," Mr Moody said. Maintenance by suppliers was a common feature in all sectors of the office equipment market, he said.

Roneo Alcatel, with about a third of the market, refused to comment, except to say that the findings of the report related to market conditions two or three years ago.

Other competitors in the market include Hasler, a Swiss company, which has about 10 per cent of the market. Scriptomatic and Envopak share the remaining 2 per cent.

Mr Moody said about 70 per cent of his company's output was exported, but it was difficult *to gain entry to some* markets, notably France.

A recent European Court of Justice ruling instructing the French to allow outside manufacturers access to the market had so far produced little change, he said.

Accounts body back company status move

By Barry Riley

FIRMS OF accountants should be permitted to practise as limited liability companies in addition to practising as partnerships, says a resolution by the council of the Institute of Chartered Accountants in England and Wales.

The change could only be implemented through legislation. It could mean big firms like Touche Ross and Deloitte Haskins & Sells, which have been pressing for incorporation, would be able to trade as companies before 1990.

Mr Mike Blackburn, managing partner of Touche Ross, said yesterday: "I'm very pleased." Before Christmas he chaired a sub-group of an institute working party. This recommended incorporation. The recommendation has now been adopted by the full council.

The institute is keen that the Scottish and Irish institutes of chartered accountants be given time to consider and approve the working party's paper on incorporation.

Auditing is the principal activity of most firms of accountants at present auditors are prevented, by company law and by the accountancy institutes' bylaws, from practising as corporations, with or without limited liability.

This position will, in any case, be reviewed in the light of the EEC's draft Eighth Directive. This will have to take account of the fact that in West Germany, for example, auditors are formed into limited companies.

The council of the English Institute has been preparing for the issue of a Green Paper on the Eighth Directive by the Trade and Industry Department.

It is understood the council was swayed by two arguments:

- **Many big firms are already structured as quasi-companies and are far removed from *traditional partnerships*.**
- **It would be possible to draw up strict ownership rules to preserve the independence of incorporated auditors.**

Mr Blackburn was optimistic about early implementation. "I would be surprised if there wasn't legislation in 1987," he said.

Lloyds in fresh mortgage move

LLOYDS BANK, *which led the* way in abolishing the 0.5 per cent premium on endowment home loans last month, is extending the lower rate to all its endowment borrowers. The change will be effective from April 1.

Mr John Dawson, director of UK retail banking said: "Our move *to* abolish the endowment differential for new borrowers has produced a major change in the market. Our lead has been followed by other banks and now by the major building societies."

The rate for all Lloyds Bank home loans will be 13 per cent.

Nick Bunker on the debate over a tougher framework for investor protection

Changing shape of things to come in the City

THE FINAL SHAPE of the Government's proposed system for regulating the financial community may have been at least partially decided in a supermarket in Beaconsfield, Bucks.

Mr Tim Smith, the local Conservative MP, was buttonholed there recently by a constituent who commended him for pushing for a clearer, tougher framework for investor protection.

The encounter reinforced Mr Smith's growing conviction, as a member of the standing committee on the Financial Services Bill, that statutory recognition of the Securities and Investments Board was essential if it was to be effective as the central regulatory body in the City of London.

This conviction led him to join Opposition MPs in defeating the Government on Thursday night by voting for an amendment to the bill, tabled by his fellow Tory Mr Anthony Nelson (Chichester), naming the SIB and recognising it in law.

In spite of the euphoria in Labour ranks the precise significance of that amendment for the Government, the SIB and the City was still uncertain yesterday.

Some of the political ambiguities may be resolved on Tuesday at the committee's next session.

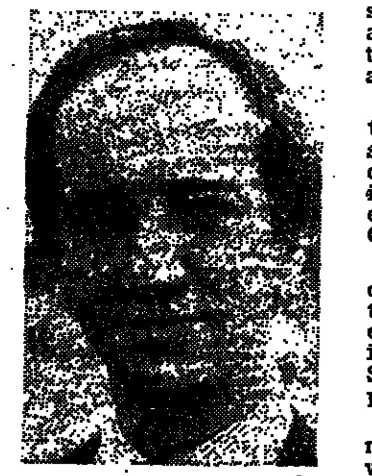
Mr Bryan Gould, Labour trade spokesman, who described the vote as "a considerable political victory" for the Opposition, is to press Mr Michael Howard, the Corporate and Consumer Affairs Minister, for a full statement on its implications for the bill, and on whether the Government will seek to reverse the change.

Theoretically, its Commons majority would allow it to do this easily in the report stage, expected some time after Easter. But the Government gave off some signs yesterday that this might not be necessary.

This would be because of the limited impact of the amendment on the bill's key provisions.

It may also be waiting to gauge the extent of the deeply-felt Tory backbench desire for stricter investor protection, which might endorse the stand by Mr Smith and Mr Nelson.

Sir Martin Jacomb, the SIB's deputy chairman, has joined Mr Howard and Professor Jim Gower, who wrote the reports on investor protection which paved the way for the bill, in down-playing the amendment's significance.



Tim Smith, MP: joined Opposition in vote

Nothing, however, can mask the extent of concern at the SIB at the possibility that MPs have taken a clear step toward transforming the SIB from its present status as a private sector company limited by guarantee, into the full-scale independent statutory commission advocated by Labour.

This is anathema to the Government, since it could alter significantly the balance the bill aimed to strike between centralised, statutory supervision and practitioner self-regulation.

The SIB fears that as a statutory commission it would be subject to Treasury constraints on resources which would leave it unable to recruit sufficient expert staff to "police" the City.

By itself, the amendment does only two things. It names the SIB: and it limits the Government's discretion in choosing whether to delegate to the SIB the central supervisory powers proposed on the bill.

Yesterday Mr Nelson, a former merchant bank employee who has made City regulation a focus of his interests for some years, said that he was certainly opposed to any further drastic additions to the SIB's powers.

But in at least two respects Mr Nelson and Mr Smith may want to go further, opening up the possibility that the Government might make further concessions.

First, Mr Smith suggested in the debate that the SIB could become a statutory commission on the lines of the Audit Commission for England and Wales.

The Audit Commission, which scrutinises local government spending, was set up in 1982 by the Department of the Environment as a fully independent body financed by auditing fees.

It provided a model, Mr Smith said, for the SIB to follow, since it was a statutory body not subject to Treasury controls on resources.

Labour MPs are now taking the suggestion very seriously.

Secondly, in Thursday's debate, Mr Nelson said that there was a range of powers of investigation and initiation of prosecutions which was being denied to the SIB because of the constitutional *impropriety* involved in giving it to a private sector body lacking legal recognition.

The SIB should, for instance, also be given the remit to examine allegations of insider dealing, he says.

These changes may not radically alter the new regulatory regime, but if they are achieved two Tory backbenchers and their colleagues on the standing committee may have redirected significantly the most comprehensive review of investor protection for more than 40 years.

Labour vows to expel proven Militant activists

BY JOHN HUNT

MR LARRY WHITTY, the Labour Party general secretary, made it clear yesterday that he will firmly enforce party rules in expelling members who are proved to be active supporters of the Militant Tendency.

Yesterday, the 16 people alleged to be active in Militant in Liverpool received letters from Labour Party headquarters listing the charges against them.

The letters call on the 16, including Mr Derek Hatton, deputy leader of Liverpool Council, to appear before Labour's National Executive Committee on March 26.

The charges, which follow a three-month internal inquiry by the Labour Party, say that they breached party rules and are not eligible for membership because they belong to Militant, a proscribed organisation.

The letters say there is evidence of support for the organisation since all were seen attending Militant rallies and distributing leaflets. The NEC would have the option of expelling them on March 26 but they would have the right of appeal to the party conference *in the autumn.*

Mr Hatton last night dismissed the charges as ludicrous. But Mr Whitty, was loudly applauded when he told Labour's Scottish conference that he was not a witch-hunter but intended to enforce party rules.

Mr Neil Kinnock, the Labour leader, told the conference that a future Labour government would reinstate the miners who were sacked as a result of their activities during the coal strike.

- A Liverpool council workers' rally yesterday in support of the surcharged rate rebels was attended by only 400 of the 31,000 staff.

Rowntree sheds Dublin jobs in reorganisation

ROWNTREE MACKINTOSH, the confectionery maker, yesterday announced a reorganisation plan for its Dublin factory with the loss of 380 jobs.

The group intends to stop *making products which are* already made in other Rowntree factories, including Kit Kat, Rolo, Aero, Smarties and Fox's products. These products will be imported into Ireland from the company's other factories which produce them more competitively.

Rowntree will be spending I£1.5m (£1.4m) at the Dublin factory on the continued manufacture of products such as Scots Clan and Yorkshire Toffee, which are produced only in Ireland.

Rowntree said: "The decision to reorganise the Dublin operation was taken against the background of difficult competitive conditions being experienced by the Irish company.

Stockbroker to open international dealer office

BY JOHN MOORE, CITY CORRESPONDENT

SHEPPARDS and Chase, the stockbroking firm being acquired by BAII, the Luxembourg consortium bank, is opening an international dealer office in London.

It has recruited a dealing team of six to form a subsidiary, *known as Sheppards and Chase* International, quoting prices and dealing in leading US and Canadian equities

The move is the first in a series of developments to ensure Sheppards and Chase will be represented internationally in the wake of the changes taking place within the Stock Exchange.

Mr Jimmy Clark, formerly partner in charge of Sheppards and Chase's abritrage department, has been appointed managing director of the international dealing subsidiary. A senior dealer from Pru Bache in London and another dealer from Swiss Bank Corporation in London have been appointed to form part of the team of six. The operation will start trading on Monday.

International dealers are allowed to act as both principals and agents in dealing in overseas securities. Several brokers have set up these operations as part of preparations for the eventual deregulation of the UK securities market in October.

The international dealerships have allowed firms to build up expertise in dual capacity trading.

Sheppards and Chase hopes its strong UK and European client links together with what it describes as "one-stop shopping facility" through its international dealing subsidiary will develop its business.

The broker said it will be able to quote prices "in a wide portfolio of the major international stocks such as the AT & T of the US to big European companies such as Royal Dutch. Additionally, we will quote on gold shares like Anglo and De Beers, and all under one roof."

Mystery tour of Star Wars team leaves MoD in the dark

Peter Marsh on a visit by Pentagon consultants which failed to get off the ground

A BEMUSED Defence Ministry was yesterday still awaiting US Government clarification on the facts behind this week's mysterious visit to Britain of a Pentagon consulting team investigating technologies related to the Strategic Defence Initiative, the Star Wars project.

The team was led by Mr Clarence "Robbie" Robinson, a former technical journalist who runs a consulting organisation in Washington called Leading Technologies.

The visit was hastily curtailed after it became clear the team would receive co-operation from neither the ministry nor British companies involved in bids for Star Wars work.

It has emerged that Mr Robinson was not, as he told the ministry, engaged in a straightforward scouting mission to look at areas where Britain had expertise to offer the $26bn (£17.8bn) research programme; *rather*, he was working on a Pentagen study concerned with vetting technical areas to ensure military secrets do not fall into the hands of the Soviet Union.

It appears that information from Mr Robinson's visit would have been fed into a division of the US Defence Department which compiles the top-secret Military Critical Technologies List (MCTL).

Companies involved in such technologies, whether in the US or abroad, can be subjected to security procedures which may inhibit their ability to commercialise the techniques in non-military products.

Last week Mr Robinson contacted the ministry's SDI participation office, set up to help British companies interested in Star Wars contracts. He put his version of why he wanted to visit the UK. He wished to arrange a tour of UK defence companies involved in Star Wars technologies.

These include British Aerospace, Ferranti, Shorts Hunting, Thorn EMI, Marconi, International Research and Development, a subsidiary of NEI, and Royal Ordnance.

The visit to Britain was to be tacked on to the end of a *tour of other European companies*. Mr Robinson said it was sponsored by the US Defense Department's research and engineering division.

The British officials became suspicious immediately. For almost a year they had talked about Star Wars participation with another Pentagon department, the SDI Organisation led by Lt Gen James Abrahamson. Why, they mused, should the Americans suddenly wish to start another approach.

With the true purpose of Mr Robinson's visit still undisclosed but with the ministry alerted, civil servants last week sent messages to the British companies. They told them not to co-operate with the consultant's mission.

Contrary to earlier reports Mr Robinson arrived in Britain early this week, apparently confident he could salvage something from the trip. He had a definite appointment with at least one company, British Aerospace, but he telephoned the company's Stevenage offices on Wednesday morning to say he would not be coming.

It appears that at this point he headed for home. The Pentagon would not confirm or deny this, maintaining a veil of secrecy over his tour and refusing to disclose details of his proposed itinerary.

Contacted at his home in Vienna, Virginia, yesterday, Mr Robinson said: "I'm not going to talk to you. You talk to the Pentagon. Whatever I say, you're going to twist."

What are the facts behind Mr Robinson's visit and dash for home? He was employed on this venture by the Institute for Defense Analysis, a contracting organisation in Alexandria, Virginia. In turn, this company, with a second concern, BK Dynamics of Rockville, Maryland, is conducting a study, for the Pentagon's technology-transfer department, on aspects of SDI technologies that may have to be classified.

It appears that information from Mr Robinson's tour was to have been fed into this larger study, organised by Mr Paul Hopler, a technology specialist in the Pentagon who in turn works for Col Thomas O'Connor, the Defense Department's Acting Assistant Deputy Under-Secretary for technology transfer.

Mr Paddy Ashdown, Liberal MP for Yeovil, has tabled three parliamentary questions on the issue, to be answered by defence ministers in the Commons on Monday. These seek to clarify whether UK companies involved in SDI work may be subjected to security classification and whether the ministry consulted companies due to be visited by the consulting team.

Mr Ashdown said yesterday the British Government in future should "stop pussy-footing around" with consulting teams working for the Pentagon. "Either the team represents an official visit in which case we should co-operate or else they (the team) should be told to jump in the lake."

He said it was not fair on British companies to expect them to decide for themselves the extent to which to provide information to such visitors.

GM sticks to Land Rover plans

By Kenneth Gooding, Motor Industry Correspondent

GENERAL MOTORS, which has *made an offer for BL's Leyland* Truck and Land Rover operations, yesterday held out little hope that it would accept a compromise to enable Land Rover to remain in British ownership.

Mr Bob Price, the executive heading the GM team, said the US group was sticking to its original proposals which had always included Land Rover as part of the deal.

The UK Government had not so far made any approaches sugesting GM might change its proposals but the group would obviously listen to what was said.

One suggestion which has been floated is that GM might be offered a franchise for Land Rover products in the US.

"That would not be of great interest to us," Mr Price told ITN's News at One. "It is not or of as much interest as an or of as much interets as an acquisition."

Meanwhile, another idea being floated in Whitehall yesterday was that GM and the Land Rover consortium might enter into a joint venture for the Bedford and Sherpa van operation.

Those promoting the concept suggest this would give GM the commercial advantages it was looking for in the BL deal—GM would have the Leyland truck operations and a solution to its van problems—while enabling Land Rover to remain in UK hands.

هكذا في الأصل

Timber frame house market set to increase 60%

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

THE MARKET for timber frame housing in Britain is set to increase by 60 per cent over the next three years, its recovery fuelled by pressures on housing in south east England, according to a new study.

Sales of timber frame houses fell from a peak of 37,000 a year—about 22 per cent of the market—to about 15,000 units last year after a controversial World in Action television programme in June 1983 showed pictures of damp and rotting homes.

However, according to a study published yesterday in Building Market Report, the monthly newsletter of Building Business, timber frame is set for recovery and its market share will increase from 9 per cent of the private housing market last year to 11 per cent by the end of this year and 15 per cent in 1988.

Timber frame designers and manufacturers, materials suppliers and house builders have all reported a significant increase in inquiries over recent months, says the report.

Guildway Homes has twice the level of orders taken in the first quarter last year. Potton Timber says it has workloads stretching production capacity and Mallinson-Denny and Meyer International report increased inquiries.

However, the revival in timber frame housebuilding so far has been largely restricted to up-market developments and smaller housebuilders. A 15 per cent market share will not be achieved until the volume housebuilders increase their use of timber frame design.

The conditions are right for this to happen, largely as a result of high land prices and a shortage of skilled tradespeople in south-east England.

Timber frame building gives faster construction on site which is important to cash flow where land prices are particularly high. It helps overcome the shortage of plasterers and bricklayers, and it gives marginally lower net construction costs compared with comparable brick and block house building.

● In January it is estimated building work started on 13,800 dwellings, compared with 12,000 in January last year, according to figures from the Department of the Environment. For the three months from November to January total starts were 14 per cent more than a year ago.

Building Market Report 1, Pemberton Row, London EC4 4HP, price £6.

Missing dealer's funds sought

By Terry Povey

TWO LEEDS accountants have been appointed by the Official Receiver to search out and sieze assets belonging to Mr Harvey Michael Ross, the bullion dealer who disappeared two weeks ago after failing to appear to answer petition.

The accountants, Mr Robert Martin and Mr Nigel Halls, of Deloitte, Haskins and Sells, will seize immediately Mr Ross's large house and his Leeds city centre office. Investors in Mr Ross's Krugerrand and futures dealings have been telling the fraud squad about the amounts they placed with him. So far no figure has been put on the total, but it could exceed £1m, say police.

Solicitors who acted for Mr Ross previously, say there is no indication of his whereabouts since reports that he had been seen in Tel Aviv. They confirm that Mr Ross left Leeds shortly after his appeal against a £1m plus tax assessment from the Inland Revenue was turned down.

Among the first matters the accountants are to investigate is whether Mr Ross has sold any of the stakes held in various small listed companies in the region—in particular in Sumrie Clothes, the textile run by Mr Michael Hepker.

Michael Donne on why top management wants a decision on floating British Airways

BA fears it's now or never for privatisation

THE Government is expected to take a final decision within the next week or two on the £1bn privatisation of British Airways in July.

This decision is critical because the time required to complete the prospectus and the legal formalities for a mid-summer flotation means a commitment must be made by mid-March.

There has been a lengthy delay stemming from the need to settle the US anti-trust litigation over the Laker Airways collapse. The airline's financial and legal advisers fear that if BA is not privatised this summer it may never be privatised at all.

This fear arises because the queue of other candidates for privatisation is long, including the large flotation of British Gas, which could fill the available slots in the market through to mid-1987.

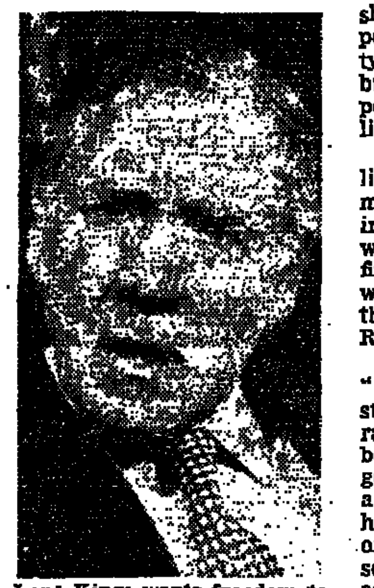
By then there could be a pre-election political situation developing in which no further attempts at privatisation would be made. All outstanding privatisation would have to wait until after the election, which must be held before mid-summer 1988.

Conservative MPs have been sufficiently alarmed at the prospects of further delay to put down an Early Day motion in the Commons this week urging the Government to get on with BA's flotation.

This was backed by Lord King, BA chairman, in a speech to more than 140 Tory MPs in London in which he argued that if privatisation was further delayed, he "would not like to contemplate the consequences" for the airline.

Legal advisers to BA believe there is no reason for further delay. The biggest problem—the Laker Airways anti-trust litigation in the US—has been settled.

They believe the remaining legal problems can be settled swiftly. These include approval from Judge Harold Greene, the US aviation lawyer, for the plans made by BA, TransWorld and Pan American to set up a $30m fund to compensate passengers who claimed they had been denied cheap Atlantic travel as a result of the Laker collapse.



Lord King: wants freedom to manoeuvre

Their task has ben to convince Mr Nicholas Ridley, Secretary for Transport, and his advisers that they are right. It is now up to Mr Ridley, after advice from Treasury and other government officials and his own legal advisers to recommend to the Cabinet what to do.

The top management of BA wants privatisation urgently for three reasons:

First, the airline has been turned round from bankruptcy to substantial profits. Staff morale is at its highest ever, sustained by a vigorous motivation campaign called Putting People First and other public relations activities designed to educate all personnel about life in the commercial world without the protection of state control.

Top management in BA believes that if privatisation is further delayed, this high morale could collapse.

Second, the airline must soon embark upon a big programme of re-equipment that is likely to cost several billion pounds—or not less than £500m a year through to the early 1990s.

This will involve up to 20 new Boeing 747 Series 400 Jumbo jets, more short-to-medium range Boeing 757s, short-range Boeing 737s, and perhaps even a new 150-seater type, either the European Airbus A-320 or possibly the proposed Boeing 7J7 prop-fan airliner.

Under state control, the airline is required to get government approval for such spending. Under privatisation, it would be free to arrange such finance where and when it chose without being constrained by the Public Sector Borrowing Requirement.

Lord King stressed this week: "We do not want to be constrained by the PSBR from raising or spending capital because of the need of the government of the day to build a section of motorway or a hospital or electrify a few miles of railway line. In the private sector, we will be able to accept the normal commercial restraints of raising capital."

Third, the airline recognises the need for greater freedom to manoeuvre in the increasingly competitive conditions of the world airline industry.

Some of BA's top management believes state control is incompatible with the rapidly changing conditions in world air transport and will become increasingly so as the tide of deregulation and fiercer competition sweeps through the industry.

So fierce is competition that some big US airlines change their fares and routes on a daily basis. So far deregulation on such a scale has not yet come to the UK or western Europe but many believe it will and BA must have the freedom to cope with it.

This is what Lord King was referring to this week when he told Tory MPs that without this freedom to manoeuvre, without the right to settle its re-equipment needs as and when it thought fit, BA would quickly become a second-rate airline again with poor equipment and flagging staff morale.

"I believe that you saw in the BA of the late 70s and early 80s a representation of much that was wrong in Britain's industry and commerce," he said. "You saw the symptoms of what Mrs Thatcher and this Government were elected to put right in 1979 and 1983.

"BA was a nationalised industry which was technically bankrupt. It was inefficient, unproductive and unprofitable. BA was massively overmanned with staff morale at an all-time low. It was not serving the customer in Britain or worldwide. It had lost its way and its pride.

"The Prime Minister, the Government and successive Secretaries of State, including the present Transport team, have given us a favourable environment to turn the company round. The next important and essential step is our privatisation. We must not miss that chance."

Court rejects claim on 'sham' sugar contacts

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A CLAIM that two contracts entered into by E. D. and F. Man (Sugar), a London sugar trader, for the sale of sugar to Indonesia were "fictitious or a sham" was rejected by the Court of Appeal this week.

The claim had been made by Mr Yani Haryanto, the other party to the contracts, who faces a $146m (£101m) claim by Man at an arbitration.

Lord Justice Lloyd said that the contracts — one for 300,000 tons at $530 per ton and the other for 100,000 tons at $4570 per ton — had been entered into in 1982 when the sugar market was falling.

Mr Haryanto had failed to open letters of credit as required under the contracts; Man held him in default and went to arbitration.

Mr Haryanto started court proceedings claiming that the contracts were not binding. He accepted that he had signed the documents, but contended that they were not what they appeared.

Their sole purpose, he said, was to record the terms on which Man would be prepared to contract with a third party—Bulog—which is the Indonesian governmental body controlling sugar imports.

In so far as the documents appeared to show a sale contract between him and Man, they were fictitious or a sham, Mr Haryanto contended.

Upholding the High Court's dismissal of the claim, Lord Justice Lloyd said there was something inherently implausible in the parties signing what appeared to be sale contracts without intending to create any legal relations, but only conferring on Bulog some sort of option to buy and imposing on Man a correlative moral obligation to sell.

"Businessmen simply do not behave in that way," the judge said.

The High Court had accepted evidence on behalf of Man that the contracts were intended to be binding and intended to be "transferred" to Bulog when Bulog was prepared to buy.

The Appeal Court agreed that the contracts were binding.

Bill to extend period of claims for negligence

BY RAYMOND HUGHES

A RECOMMENDATION by the Law Reform Committee for an extension of the period in which claims can be made in respect of latent damage, resulting, for example, from negligence by a builder or professional business adviser, has been accepted by the Government.

The Latent Damage Bill, which will be introduced into the Lords by Lord Hailsham, the Lord Chancellor, was published yesterday. It would amend the law of limitation in negligence claims involving latent damage, other than disease or personal injury, so as to remove uncertainty and potential injustice to plaintiff and defendant.

Normally a claim has to be made within six years of the damage occurring. The bill allows a plaintiff to claim within three years of the date when the damage comes to light or is reasonably discoverable.

Defendants to such claims are given a long-stop protection. This bars a plaintiff from starting proceedings more than 15 years from the date of the alleged negligence giving rise to the latent damage.

The bill would give a right of legal action to a person who acquires already damaged property when the facts about the damage are not already known or could not have been known.

The Lord Chancellor's Department said yesterday that latent damage could arise when a builder had been negligent or where professional business advice proved years later to have been unsound.

Perks 'can still beat rises'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

TAX-FREE benefits from employment can still be worth a lot more to individuals than straight-forward salary increases, claims the latest issue of the tax saving guide from Which? magazine, published by the Consumers' Association.

"Although more and more people are being taxed on fringe benefits—and the tax rules can be complicated—tax-free benefits still have a lot going for them," the guide says.

Company cars are considered especially worthwhile as a perk.

The guide points out some disadvantages to receiving perks. "You might end up with less pension, life insurance and redundancy since these are often linked to your pay in money terms, excluding the value of fringe benefits," it says.

ECONOMIC DIARY

TOMORROW: Labour Party Scottish conference in Perth.

MONDAY: BIS monthly meeting in Basle. Credit business (January). Retail sales (January-final). Producer price index numbers (February-provisional). EEC Finance and Foreign Affairs Councils meet in Brussels. EEC Women's Affairs Council has informal meeting in The Hague. European Parliament in session in Strasbourg (until March 17). Farmworkers in pay talks. Judicial review of the IBA's decision rejecting Rank Organisation's takeover of the Granada Group.

TUESDAY: Building Societies' monthly figures (February). Provisional estimates of monetary aggregates (mid-February). London and Scottish banks' monthly statement (February). Liverpool City Council meet to consider the High Court defeat in budget battle.

WEDNESDAY: Spanish referendum on staying in Nato. Liverpool Militant supporters to appear before Labour Party national executive. Commons debates the "City." Guest Keen, and Ultramar, results.

THURSDAY: Provisional figures of vehicle production (February). Deputy finance ministers of the group of 10 industrialised nations start a two-day meeting in Paris ahead of a meeting of the interim committee of the IMF, scheduled for April in Washington. Royal Dutch Shell results. British Telecom interim results.

FRIDAY: Usable steel production (February). Construction output (fourth quarter). EEC Transport Council meets in Brussels. Conservative Party's Central Council's annual meeting in Felixstowe.

Margaret van Hattem on the problems confronting Sir Jack Hermon as N. Ireland faces a summer of protests

Ulster police chief: the man in the middle of a clash of will

IF LAST Monday's day of action in Northern Ireland was supposed to be a dry run for a summer of protest against the Anglo-Irish Agreement then the organisers may have to think again.

As far as most Unionists are concerned the one-day strike was an unmitigated disaster: their political leaders were seen at their very worst—weak, vacillating and foolish; their reputation as a law-abiding community was shot to pieces; their so-called spontaneous demonstration of outrage reached the television screen as a demonstration of violence and thuggery, of protest enforced by brutal intimidation.

True, the protesters succeeded in seizing control of much of the province's communications network and in crippling large parts of it.

They also, however, succeeded in alienating most of the Unionist community, not to mention their few remaining supporters in Britain and in doing what neither British nor Irish governments could hope to achieve.

This was, cracking the fragile unity between the Rev Ian Paisley's Democratic Unionists and Mr James Molyneaux's Official Unionists.

A disaster then, with no credible scapegoats. The loyalist organisers and the Unionist politicians cannot even rally support by blaming the police, Royal Ulster Constabulary. For there was not a single death and little serious injury; moreover, apart from a few sporadic, localised, short-lived outbreaks there was no serious, violent confrontation between police and protesters.

The police may be and have been harshly criticised for a leniency yet to be applied to nationalist demonstrations; they cannot be accused of suppressing freedom of expression.

Judgments as to whether allowing the rule of law to crumble at the edges was too high a price to pay for peace, the peace will be shortlived, and violent confrontation between the mainly Unionist police force and the community in which it must live is avoidable—rest with one man.

He is Sir Jack Hermon, Chief Constable of the Royal Ulster Constabulary, the man right at the centre of the clash of wills between the British Government and the Ulster Unionists.

In the absence of clear political leadership he is the one left to steer the majority community through the extremely painful process of learning that membership of the union with Great Britain carries responsibilities as well as privileges.

Over the coming summer, as the loyalist marching season gets under way, the role played by the police will determine how much of Ulster and its people survives that learning process and, perhaps, how long the process will take.

Ulster cannot be governed without the RUC. However, as Sir Jack knows more than anyone, the RUC is an instrument made up of humans with loyalties and vulnerabilities, and it can be pushed only so far. Whether it is up to the task facing it remains to be seen.

What sort of man is he then, the man who decides how far the RUC can be pushed? He is certainly one of the more controversial to have held the post of chief constable. Indeed, in his term, which began in 1980, he has succeeded at one time or another in offending just about everyone.

His battles with Mr Alan Wright, chairman of the Police Federation in Northern Ireland, are are legendary as his feud with Mr Larry Wren, Police Commissioner in the Irish Republic. He stands up as aggressively to British ministers as to nationalist politicians.

While he is not short of political views himself, he is quick to fire a pre-emptive round at anything he suspects may turn into political interference in the way he runs his force.

The loyalists accuse him of being a closet Republican; the nationalists say he is just another Orangeman, though they do concede he is probably preferable to all his predecessors and all his foreseeable successors.

He was born in Ulster 57 years ago and was educated at the grammar school in Larne, Co. Antrim. After a brief training in accountancy he joined the RUC at the age of 22 and rose steadily through the ranks.

Since the early 1970s, when he supervised the massive recruiting drive made necessary by the newly-resurgent troubles, and over the next few years as he built up a large community relations branch, Sir Jack has been at the forefront of efforts to make the RUC acceptable to the minority nationalist community.

It has been an uphill battle. While he carried many in the force with him and succeeded in appointing some like-minded to influential positions in the force, there has always been a substantial element he could not persuade. Its failure to meet his standards has been embarrassingly public.

He has not tried to deny that these elements remain, though he tends to resent outsiders pointing it out. In last Monday's strike complaints of police inaction at road blocks poured in from all over the province. After it Sir Jack admitted that some RUC men had failed to live up to the standards he expected of them. He promised to set up an inquiry into the policing of the strike.

Perhaps when the Orangemen take up their flags and drums this summer and head for the nationalist neighbourhoods Sir Jack will be forced to call in the British Army to help keep the peace.

There is no doubt he will regard that as a defeat. He knows better than anyone what it might mean for RUC officers returning from the streets to their homes on loyalist estates, to find their windows smashed, their garages burned, their families terrified and perhaps even worse.

If, however, loyalist marchers insist on confrontation he says he will not back down. His task is to enforce the rule of law. As he demonstrated in Portadown last summer when a loyalist march was forcibly rerouted, he means business.

Burning barricades during Belfast's loyalist protest illustrate the problems facing Sir Jack Hermon

NO POLITICS IN RUC, SAYS HERMON

SIR JOHN HERMON, Chief Constable of the Royal Ulster Constabulary, replied yesterday to claims by some unionists that rank-and-file police were against the Anglo-Irish agreement by stating unequivocally that the force was not "political."

In a statement from police headquarters he said: "The RUC is not and will not be political in any way.

"The RUC is and will continue to be an impartial police force committed to giving a service to the community as a whole."

The independence of the chief constable was enshrined in law, and he would continue to uphold that independence. In this he had the support of the Northern Ireland Police Authority.

This statement followed release of a tape-recording purporting to show that many rank-and-file police were against the agreement; and of a challenge to Sir John by Mr Seamus Mallon, deputy leader of the mainly Catholic Social Democratic and Labour Party.

He asked Sir John to say whether he believed the attitudes expressed on the recording were "at variance with the proper standards of police service."

Mr Mallon, elected Newry-Armagh MP in the by-elections forced by unionists to show opposition to the agreement, asked Sir John if he was prepared to make clear that the police did not see the force as an "instrument of unionism."

Mr Mallon said afterwards that he was not satisfied with the chief constable's response.

The SDLP law-and-order spokesman said that the tape recording confirmed what most nationalists already knew, that sections of the police force were a wing of unionism

Film chief in leading role as fund-raiser

By Raymond Snoddy

MR SIMON RELPH, the independent film producer, has a down to earth view of what he would like to achieve as chief executive of the British Screen Consortium.

"By taking a change of direction I would hope to fertilise the patch in which I have been ploughing for the past few years," he said.

The co-producer of the film The Ploughman's Lunch, who has made five other films, is the first chief executive of the private sector consortium which replaced the National Film Finance Corporation abolished by the Government last year.

The main "fertiliser" Mr Relph hopes to apply to the British film industry is money.

He has £1.5m a year for five years in the form of government grant and a total of £850,000 a year from Channel 4, Thorn EMI Screen Entertainment and the Rank Organisation, the shareholders in the venture. In addition, there is between £400,000 and £500,000 a year in revenues from the NFFC's portfolio of film rights, which include Dance With a Stranger, Defence of the Realm and No Surrender.

Already Mr Relph has committed funds to four British films even though he still combines his new job with completing Comrades, his own latest film.

The consortium is putting up nearly half the £1.5m cost of Personal Services, a Zenith production starring Julie Walters, inspired by the story of Cynthia Payne, the Streatham madam.

By the end of the summer Mr Relph hopes that shooting of Personal Services and three other films chosen for a British Screen Consortium stake will be under way.

British Screen plans to invest in modest budget films, and individual investments will range from £350,000 to £750,000 a film. Mr Relph hopes to support eight British films in the 15 months from the beginning of this year.

The aim will be to provide a halfway house between the British Film Institute, which subsidises experimental and original work, and the "wholly private sector which has substantially more funds than I have."

Mr Relph is in the process of planning several schemes to raise more funds for British film making. One is a plan to raise £250,000 a year from 10 specialist investors, many from the video industry.

More ambitiously Mr Relph is designing a scheme to attract £2m a year from corporate investors. Investors would be able to put their money into a portfolio of films — an investment which would in effect be partially protected by the annual government grant.

If £2m were raised Mr Relph may be able to say to investors: "Provided the package of films recovers at least 75 per cent of its investment then you will recover your money and be in a profit position because I would be investing their funds alongside government funds in any one project."

Mr Relph said the consortium is also trying to design some sort of loan stock idea so that an interest could be converted into a shareholding in the main company "if they thought all was going well."

British Screen is looking at the possibility of setting up an offshoot production company which could attract Business Expansion Scheme funds.

He believes that in the next couple of years the British are going to have to sort out once and for all whether they are going to support a film industry of their own "which isn't just the limpet of the American industry."

Sellafield leaks 'exaggerated'

BY JOHN HUNT

Mrs Thatcher: "relatively minor incidents"

MRS THATCHER has written to Dr Garret FitzGerald, the Irish Prime Minister, telling him that reports of recent leaks from the Sellafield nuclear reprocessing plant in Cumbria had been exaggerated in the media "out of all proportion to the real risk to health and safety in an apparent effort to discredit the nuclear industry."

She was writing to reassure Dr FitzGerald following the concern he expressed at their meeting in February about the Sellafield leaks and the possibility of radiation in the Irish Sea due to pollution.

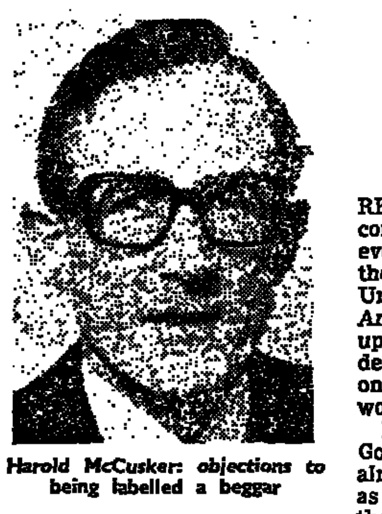
Mrs Thatcher says it is important not to let these overshadow the fact that British Nuclear Fuels has substantially reduced its discharges at Sellafield in recent years.

She points out that the radiochemical inspectorate found that the leak in the Irish Sea on January 23 presented no hazard to the workforce or public in the UK or Ireland.

Nevertheless, she welcomes the examination of the Sellafield plant now being carried out by the Health and Safety Executive, which is expected to report in six months' time.

"I hope the results of this extensive audit will help to restore public confidence and bring a greater sense of balance to discussion of Sellafield in the future," she added.

The Prime Minister also offered reassurance on the safety of nuclear power stations following reports about the potential effect of earth-tremors. She said that the power stations were built to engineering standards of the 1950s which provided substantial margins of safety.



Harold McCusker: objections to being labelled a beggar

Reagan aid package criticised

Financial Times Reporter

PRESIDENT Ronald Reagan's aid plan for Northern Ireland and border regions of the Irish Republic was criticised yesterday by Mr Harold McCusker, deputy leader of the Official Unionist Party.

The economic package, £170m over five years, has been approved in Washington by the House of Representatives' foreign affairs committee.

The Reagan Administration pledged the cash in support of the Anglo-Irish agreement.

Mr McCusker said: "One could query the actual value of the money, it has got to be put into proportion. As an individual sum of money it seems very large, but it is very small when compared with overall expenditure."

He said he hated to be labelled a beggar or a Third World country and said it was most unusual for America to give aid to a country which considered itself part of the developed industrial world. The cash had to be compared with annual government expenditure in Northern Ireland of £1.5bn.

Dublin finds some grounds for hope despite Unionist action

Hugh Carnegy on reaction in the Irish Republic to the latest violence in Ulster

REACTION in Dublin to the confused and violent turn of events in Northern Ireland in the past two weeks over Unionist opposition to the Anglo-Irish accord was summed up by an official involved in dealings with London: "The only way forward is to continue working this agreement."

Publicly at least, the Irish Government has been reduced almost to the role of an observer as the battle of wills between the Unionists and the British Government has become the focus. This is in contrast to the early days when Dublin made much of the running in the intergovernmental conference.

In the present phase, it has pronounced itself pleased with the way Mrs Thatcher has dealt with the situation and concentrated on reaffirming its message that the Dublin door remains open to the Loyalist community which Irish Ministers insist has been badly misled by Mr James Molyneaux and the Rev Ian Paisley, the two main Unionist party leaders.

Ministers and officials in Dublin have been disappointed by the sustained intensity of Unionist opposition since the agreement was signed by Mrs Thatcher and Dr Garret FitzGerald, the Irish Prime Minister, in November. They expected initial rejection but counted on significant numbers of moderate Unionists being willing to work within the framework it created.

The picture is not regarded as totally bleak. Levels of violence by paramilitaries on both sides in the north might have been worse and might have spilled over into the republic. Violence in Monday's day of action was seen as serious, but there was relief that there were no deaths.

Some encouragement is also taken from the fact that although Unionist leaders remain vehemently hostile to the agreement, the ground has shifted somewhat with expressions of willingness to negotiate power-sharing and some role for Dublin if the agreement were set aside.

According to one Irish pre-agreement assessment, progress on persuading the Unionists to join talks on devolution could not be expected for at least a year. When Mr Molyneaux and Mr Paisley came out of their February 25 meeting with Mrs Thatcher and initially signalled they might go in this direction, Irish hopes leapt.

However, the hopes were mingled with disbelief, and the latter was born out by the swift turnaround when the men returned to Belfast the same night.

It was that volte face which best illustrated the difficulty facing Dublin and London in the effort to create the conditions under which moderate Unionist leaders might talk.

The Irish Government feels it cannot risk embracing any Unionist figure who could not deliver support on the ground in the north so it is waiting to see whether any unionist can successfully steer a course away from the hardliners and who that person may be.

In the meantime government representatives insist they have some contact with Unionists, but it seems they rely mainly on television, radio and newspapers, especially the Loyalist Ulster Newsletter, to gauge what the Unionists are thinking.

There are hopes that an influential moderate stream of Unionism may still be tapped before the "hard men" take over. The reaction of Mr Molyneaux and others to the ugly scenes and intimidation of Monday's strike fuels these hopes.

There is, however, little inclination in Dublin to make concessions on the agreement. The line is that the accord contained as much as the Republic could give to the Unionists in terms of Northern Ireland's position within Britain.

The Republic treasures the gains it feels have been made through the Anglo-Irish conference for and within the nationalist community—such as the swing from Sinn Fein to the Social Democratic and Labour Party in the January by-elections. It is not about to put them at risk.

London and Dublin have urged the Social Democratic Labour Party, the main political benefactor of the agreement, to make overtures to the Unionists, but there is a feeling in the Irish capital that the recent offer by Mr John Hume, the SDLP leader, for talks without preconditions was as much as could be expected.

The Irish say they will continue to press for the reforms they seek in the judicial system and security forces at the joint conference, due to meet again in Belfast this month. An issue of concern is the complaint that on Monday the Royal Ulster Constabulary in many cases did not act firmly enough to clear road blocks and stop intimidation of workers by Loyalist protestors.

On these issues, the front man is Mr Peter Barry, the Foreign Minister and co-chairman of the conference, whose tough stance on behalf of northern nationalists has not diminished in the face of the Unionist campaign.

Mr Barry and his officials continue to insist that the agreement will be pushed through and they profess confidence that London will do likewise.

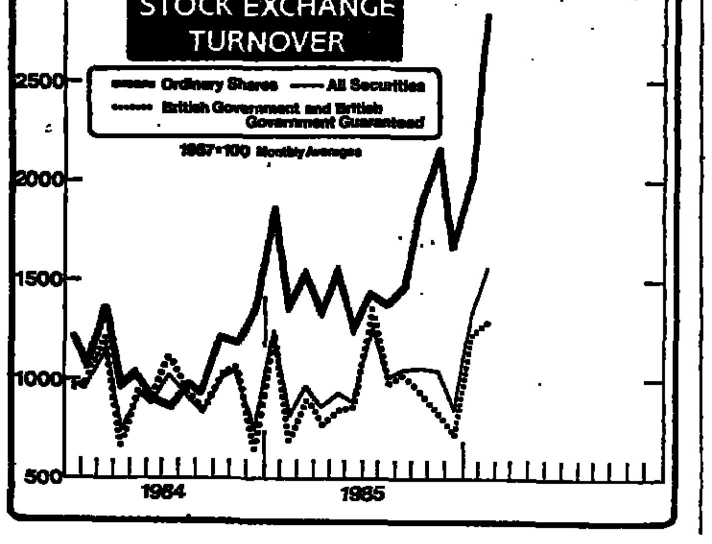
STOCK EXCHANGE BUSINESS IN FEBRUARY

Equity turnover rises by 40%

BY GRAHAM DELLER

TABLE DOMESTIC interest ates and undiminished corp- rate takeover excitement oosted London stock markets record levels last month amid onsiderable institutional and rofessional support.

Equity turnover easily sur- assed previous levels, rising by ightly more than 40 per cent, r £4.6bn, to £15.84bn. The inancial Times turnover index r Ordinary shares rose to an ll-time peak of 2,826.1, which ompared with January's mea- re of 2,010.9 and the pre- ous record of 2,177.3 set in ovember. The number of bar- ins transacted in Ordinary ares improved by 145,522 to 7,995 —an increase of about per cent. The average value r equity bargain rose £2,100 £24,100.



Business volume consistently tained new heights through- t the month reflecting re- ved foreign demand for top- ality international stocks such Glaxo, ICI and Jaguar. The olonged and often acrimonious ttles for control of Imperial roup and Distillers high- ghted takeover fervour, which so saw Vantona Viyella top awson International's pre- ously agreed offer for textile ader Coats Patons, Rank ganisation's unwelcome bid r Granada, and the equally stile bid for property group aslemere Estates from the tch concern Robeco.

Pleasing company trading atements and the potential nefits of the massive Saudi abian defence deal accele- ted investment enthusiasm ich often found jobbers with ort book positions. Conse- ently, the FT Ordinary share dex rose throughout to end bruary 116.4 points higher at all-time high of 1,281.5.

February was also a record month for traded options. Widespread hedging operations in the FT-SE 100 index *contract* and heavy demand for positions in bid favourites particularly Lonrho and Imperial Group, boosted the daily average over the month to 20,717 — the highest since the markets incep*tion in Aprile 1978.*

Turnover in British Government securities rose 4.9 per cent, or £1.43bn, to £30.63bn. Business in shorts fell 16.5 per cent to £14.14bn, but the decline was more than compensated for by increased demand for longer-dated maturities and irredeemables where trade expanded by 34.3 per cent to £16.49bn. The Finacial Times turnover index for Government securities was 1,296.4

Gilt prices were dull at the beginning of February, reflecting continuing concern over falling oil prices — Brent crude fell to its lowest level since 1976. They staged a sharp recovery in the wake of surprisingly good banking statistics for January. Sterling's subsequent recovery against the dollar eased pressure on interest rates and this, coupled with better-than-expected Public Sector Borrowing Requirement figures lifted the FT Government Securities index to a then record of 85.55—an advance of 4.09 points on the month.

There were only 20 trading days in February—two less than the preceeding month—but overall turnover rose 16.7 per cent, or £7.29bn, to £50.92bn. The Financial Times turnover index for all securities was a record 1,560.3 against January's 1,337.0.

Category	Value £m	% of total	No. of bargains	% of total	Average daily value £m	Average bargain value £000s	Average no. of daily bargains
ITISH FUNDS							
ort dated (5 years or less to run)	14,139.7	27.8	27,898	3.7	707.0	506.8	1,395
hers (over 5 years)	16,489.4	32.4	38,345	5.0	824.5	430.0	1,917
TAL	30,629.1	60.2	66,243	8.7	1,531.5	462.4	3,312
SH FUNDS							
ort dated (5 years or less to run)	1,213.4	2.4	2,179	0.3	60.7	556.9	109
hers (over 5 years)	2,397.1	4.7	3,682	0.5	119.9	651.0	184
LOCAL AUTHORITY	33.3	0.1	964	0.1	1.7	34.5	48
ERSEAS GOVT	380.8	0.7	2,148	0.3	19.0	177.3	107
HER FIXED INTEREST	429.0	0.8	26,534	3.5	21.5	16.2	1,327
DINARY SHARES	15,837.2	31.1	657,995	86.6	791.9	24.1	32,900
TAL	50,919.9	100.0	759,745	100.0	2,546.2*	67.0*	37,987*

verage value of all securities

APPOINTMENTS

Channel Tunnel project chiefs

Mr John Reeve and Mr Philippe Montagner have been appointed joint directeurs general of the Transmanche Link Joint Venture (*TML*) *which will* design and construct the twin-bore rail tunnel between England and France, on behalf of the Channel Tunnel Group/France Manche. TML is a combination of Translink Joint Venture—consisting of Balfour Beatty Construction, Costain UK, Tarmac Construction, Taylor Woodrow Construction and George Wimpey International—and Transmanche Joint Venture — consisting of Bouygues, Dumez, Societe Auxiliaire d'Enterprises, Societe Generale d'Enterprises and Spie Batignolles.

★

Mr John Fitting Jnr has been appointed a director of AITKEN HUME INTERNATIONAL. Formerly president of Dreyfus Sales Corporation and Dreyfus Asset Management. he was recently appointed chairman and chief executive officer of Aitken Hume's US funds management subsidiary. National Securities and Research Corporation. Mr Sidney Porter has been appointed *a director of Aitken Hume and* chief executive, banking services. for the Group. He was with Midland Bank.

★

Mr Anthony Cardew has been appointed chairman of GRANDFIELD RORK COLLINS FINANCIAL.

★

Mr Peter Allen and Mr Brian Randleson have been appointed directors of EDGAR HAMILTON & WELLARD, marketing division of the Edgar Hamilton Group.

★

Mr Colin A. Goodall and Mr Donald M. OHara have been appointed directors of HARLOW UEDA SAVAGE (FOREIGN EXCHANGE). Mr Barry G. Wiseman and Mr Alexander Currie have been appointed associate directors.

★

DATA GENERAL has made three board appointments: Mr Iain Davidson, area director and general manager, Mr Christopher Rees, director, and Mr Nigel Wildish, *non-executive director.*

★

Mr P. O. Bourne has been appointed chairman of CLAYDEN CLAIMS SERVICES and Mr P. I. Thomas has become a director. Mr D. J. Sullivan has resigned.

★

Mr Colin Bryant and Mr Bob Muir have been appointed assistant managers, UK and Ireland, for ZURICH INSURANCE CO.

★

Mr Michael Brown and Mr David Anderson have been appointed directors of HENRY COOKE, LUMSDEN (CORPORATE FINANCE), a newly-formed subsidiary of stockbrokers Henry Cooke, Lumsden. Mr Brown will assume executive responsibility for the company.

★

Mr Leslie Coulthard has been appointed chairman of HYBRID VEHICLES and Mr Michael P. Wright joins the board as a non-executive director. Mr Coulthard is the deputy chairman of Hugin Group International and on the board of Albemarle International.

★

Mr Nicholas Watts will be joining the international institutional investment department of CITIBANK in London as a senior equity portfolio manager. He was an associate director of N. M. Rothschild Asset Management.

★

Mr Norman Ward-Jones has been appointed chairman of the GAMING BOARD, for an interim period of three months, *following* the death of Sir Anthony Rawlinson in a climbing accident at Snowdon. Mr Ward-Jones has been a member of the Gaming Board since March 1984. He was until recently the senior partner in a firm of City solicitors.

★

Mr Sidney Procter, a vice chairman of the Royal Bank of Scotland Group, has been appointed to the London board of NORTHERN ROCK BUILDING SOCIETY.

★

DOLPHIN SHOWERS, bathroom specialist division of the Hawley Group, has appointed Mr Peter Lynskey as chief executive. He joins from Rank Xerox, where he was managing director of Rank Xerox (Copy Bureaux). Mr Robert Strutton has been appointed marketing director. He comes from Quaker Oats.

هكذا من الأصل

Union law forces ASTMS to ballot on TUC election

BY DAVID THOMAS, LABOUR STAFF

THE WHITE collar union, ASTMS, is being forced by the 1984 Trade Union Act to ballot its entire membership to decide who will take its automatic seat on the TUC general council.

Mr Clive Jenkins, ASTMS general secretary, who has been on the TUC general council since 1974, will be challenged in the election.

It is thought to be unprecedented for a union to ballot its entire membership to decide its TUC representative. The conference or the national executive of unions usually make this decision.

The 1984 Act requires that every voting member of a union's executive is elected by a secret ballot of the union's members.

The rulebook of the 390,000-strong ASTMS says that its representative on the TUC general council is automatically a member of the union's executive.

On legal advice, the union has decided that it must therefore ballot all its members on its TUC representation in order to conform with the Act. The ballot will be postal.

At present, the union's representative on the TUC is elected at its annual conference with each branch casting a block vote.

Mr Jenkins yesterday welcomed the election in future being by universal secret ballot.

"I prefer it to a situation where we have branch block votes involving a small number of people," he said.

Mr Jenkins is to be challenged in the election, for which nominations have closed, by Mr Ian Gibson, a senior lecturer in biological sciences at Norwich University.

Mr Gibson, who has been on the union's national executive for six years and who is on the left, said yesterday he was standing because full-time officials on the TUC general council tend to be out of touch with grassroots opinion.

Complaint by insurance rival

BY OUR LABOUR STAFF

A FORMAL complaint was lodged with the TUC yesterday against the white collar union ASTMS for allegedly colluding with the management of a major insurance company to remove collective bargaining rights from a fellow TUC affiliate.

The complaint — under the TUC's disciplinary rule 13 — comes from the Banking, Insurance and Finance Union.

It is asking the TUC to investigate its claim that ASTMS has acted contrary to the declared principles and policy of Congress by attempting to breach TUC principles aimed at regulating the spread of single union agreements.

ASTMS was already under TUC pressure not to sign a recognition deal with Sun Alliance Insurance Group which would effectively remove collective bargaining rights from the Banking, Insurance and Finance Union, a fellow TUC affiliate.

The conflict between the two unions—rivals in the insurance sector—intensified this week when Sun Alliance management indicated it would grant collective bargaining rights to ASTMS, but not Bifu.

Both have members in the group. Salsa, the former in-house Sun Alliance staff association became a section of ASTMS earlier this month. Bifu had sole recognition rights at Phoenix Assurance, which was taken over by the group in 1984.

Since the merger, Sun Alliance management have made it clear that they want to end divided staff representation and deal with only one union.

Earlier this month, Mr Ken Graham, the TUC's deputy general secretary, wrote to both unions, reminding them of the TUWC's new disputes principles and procedures aimed at regulating the spread of single union agreements.

The new principbles—adopted after last year's Congress, stipulate that no union shall enter into a sole negotiating or union membership agreement, including takeovers of changes in ownership which would deprive another union of existing negotiating rights without "prior consultation and agreement."

The company has told ASTMS it will not be offered a sole bargaining agency—but in addition has spelt out that it has no present plans to offer collective bargaining rights to any other union.

Retaliation threat to tax offices

By David Brindle, Labour Staff

IF THE TAX officers' union votes tomorrow to set up a political fund the Government may retaliate by refusing to go on collecting subscriptions for the union.

Some ministers believe the Government should distance itself from what it says would be increased politicisation of the Civil Service by insisting that the Inland Revenue Staff Federation collect its own political levy from the 55,000 members.

Such a move would be bound to cause a serious rift between the Government and the IRSF and other Civil Service unions. They would say that it was a unilateral breach of the Civil Service code of service conditions.

Mr Clive Brooke, IRSF deputy general secretary, said last night: "I do not believe they would be so ill-advised as to go to these extreme lengths, to be vindictive in this outrageous way.

The union, which ballotted its members on the political fund issue on February 26, would be the only Civil Service union to have such a fund, though two other civil servants' unions plan ballots.

The IRSF says it needs a fund to protect its campaigning activities from challenge under the Trade Union Act 1984.

Ministers have made clear that they regard it as unacceptable for a Civil Service union to have a political fund, even though the IRSF stresses that there is no question of affiliation to the Labour Party, without a further ballot.

Initially the union plans to put 20p of each monthly subscription, collected by the Revenue on its behalf under a check-off system.

Shaky start for talks on teachers' salary structure

BY DAVID BRINDLE, LABOUR STAFF

TALKS ON a contract and salary structure for teachers in England and Wales got off to a shaky start yesterday.

Employers told the National Union of Teachers it must stop its continuing sanctions in schools and accept the 1985 pay settlement ratified this week by the other unions.

The NUT, which opposed the settlement, immediately made clear it had no intention of agreeing to either conditon as the price of keeping its seats in the talks. It had only decided to enter the talks, held at the Advisory, Conciliation and Arbitration Service, on Thursday night.

Senior Acas officials are believed to be concerned about the prospects for success in the talks if the union, which represents 48 per cent of teachers, is excluded.

A meeting will be held next Tuesday between leaders of the union, Sir Pat Lowry, the Acas chairman, and Mr Dennis Boyd, the chief Acas conciliation officer.

However, the NUT seems unlikely to give ground on either issue raised by the employers. Mr Doug McAvoy, its deputy general secretary, said last night: "There can be no question of us today agreeing to these conditions. And there will be no different answer on Tuesday."

The smaller teacher unions were dismayed at the employers' demands, made at the first session of talks held by an Acas-appointed panel. The panel was chaired by Sir John Wood, chairman of the central arbitration committee. It consisted also of Mr Tony Peers, industrial relations director of Babcock & Wilcox, and Mr Bill Kendall, former secretary of the Council of Civil Service Unions.

Mrs Nicky Harrison, the employers' leader, was adamant that if the NUT was to remain in the talks "they have to have the same view of the agreement as we have."

Te talks were set up as the second part of the pay deal which settled the 13-month dispute in schools in England and Wales. The pay element of the deal, giveing 6.9 per cent from April 1 1985 and a further 1.6 per cent from March 31, is being accorded statutory status by the Government.

Acas officials believe the negotiations which led to the deal were some of the most difficult they have ever undertaken because of the differing political views of the local-government employes and the difference among the unions.

Acas 'ready for Wapping'

BY IVOR OWEN, PARLIAMENTARY CORRESPONDENT

OFFICIALS of Acas, the arbitration and conciliation service, are following the dispute at Mr Rupert Murdoch's News International's Wapping plant "very closely," and are willing to make themselves available at any time, Mr David Trippier, under secretary for employment, told the Commons

He ruled out direct government intervention but agreed with Mr Michael Foot, the former Labour leader, that Acas could have "a very significant role to play."

Labour MPs speaking in a debate on employment rights vigirously condemned the tactics employed by Mr Murdoch.

Miners lose fight over Bates closure

By Raymond Hughes, Law Courts Correspondent

FOUR MINING unions have lost their legal battle against the closure of Bates Colliery in Northumberland.

A High Court judge yesterday dismissed their claim for an order quashing the closure decision taken by the National Coal Board.

The NCB's decision, said Mr Justice Macpherson, was "an executive, business or management decision — exactly in the same category as a decision made in similar circumstances by a public company."

It was not a decision in the field of public law made by the NCB under the powers granted to it by the 1946 Coal Industry Nationalisation Act and therefore could not be reviewed by the courts.

Judicial review of the closure decision, taken by the NCB on economic grounds in the face of a recommendation of the independent review body on pit closures that Bates should be kept open, had been sought by the Northumberland area of the National Union of Mineworkers and the local areas of Nacods, the pit deputies' union, Cosa, the miners' white-collar union, and the pit mechanics.

They argued that the NCB had acted unfairly and in breach of its duty in rejecting the independent review body's recommendation, and against the letter and spirit of the agreement setting up that body.

It was the first time the NCB had not accepted a recommendation of the review body.

Mr Justice Macpherson said that, while the NCB had statutory duties and powers and had for some purposes to be regarded as a public body, it had not in any way been empowered by statute to make the closure decision. Nor was that decision part of the NCB's activities as a public body which might be reviewed.

The judge accepted that the decision was a matter of public interest, dealt with public money and concerned the unions and their members. But it was not a decision in the field of public law when made by a nationalised industry created by statute, any more than if made by a commercial concern in public ownership.

He rejected the suggestion that the NCB had acted unfairly or failed to give due weight to the review body's report which, he stressed, was not binding on the NCB.

He said he understood the unhappiness and disappointment of those affected by the closure decision and by his judgment but that could not affect the outcome of the case.

Pit deputies to vote on action

By David Thomas, Labour Staff

PIT DEPUTIES are being urged by their union leaders to vote for an overtime ban following the failure of court action to stop the closure of Bates colliery.

Delegates at a special conference of the union, Nacods, decided yesterday to go ahead with a ballot on an overtime ban, but they rejected calls for a strike ballot. The ballot is likely to be held next week.

Assurances given to the union by the National Coal Board about the review procedures on pit closures were crucial in dissuading the deputies from taking industrial action at one stage during last year's miners' strike. An overtime ban by the pit deputies would have a quick impact in the coalfields.

The NCB said yesterday: "Industrial action by Nacods members at a time of competitive pressures on British coal would be self-destructive as well as futile."

BASE LENDING RATES

ABN Bank	12½%	■ Guinness Mahon	12½%
Allied Dunbar & Co.	12½%	■ Hambros Bank	12½%
Allied Irish Bank	12½%	Heritable & Gen. Trust	12½%
American Express Bk.	12½%	■ Hill Samuel	§12½%
Amro Bank	12½%	C. Hoare & Co.	†12½%
Henry Ansbacher	12½%	Hongkong & Shanghai	12½%
Associates Cap. Corp.	12½%	Johnson Matthey Bkrs.	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	13 %
Bank Hapoalim	12½%	Lloyds Bank	12½%
Bank Leumi (UK)	12½%	Edward Manson & Co.	13½%
BCCI	12½%	Meghraj & Sons Ltd.	12½%
Bank of Ireland	12½%	Midland Bank	12½%
Bank of Cyprus	12½%	■ Morgan Grenfell	12½%
Bank of India	12½%	Mount Credit Corp. Ltd.	12½%
Bank of Scotland	12½%	National Bk. of Kuwait	12½%
Banque Belge Ltd.	12½%	National Girobank	12½%
Barclays Bank	12½%	National Westminster	12½%
Beneficial Trust Ltd.	13½%	Northern Bank Ltd.	12½%
Brit. Bank of Mid. East	12½%	Norwich Gen. Trust	12½%
■ Brown Shipley	12½%	Peoples Trust	13½%
CL Bank Nederland	12½%	PK Finans. Intl. (UK)	13½%
Canada Permanent	12½%	Provincial Trust Ltd.	13½%
Cayzer Ltd.	12½%	R. Raphael & Sons	12½%
Cedar Holdings	13 %	Roxburghe Guarantee	13 %
■ Charterhouse Japhet	12½%	Royal Bank of Scotland	12½%
Citibank NA	12½%	Royal Trust Co. Canada	12½%
Citibank Savings	¶12½%	Standard Chartered	12½%
City Merchants Bank	12½%	TCB	12½%
Clydesdale Bank	12½%	Trustee Savings Bank	12½%
C. E. Coates & Co. Ltd.	13 %	United Bank of Kuwait	12½%
Comm. Bk. N. East	12½%	United Mizrahi Bank	12½%
Consolidated Credits	12½%	Westpac Banking Corp.	12½%
Continental Trust Ltd.	12½%	Whiteaway Laidlaw	13 %
Co-operative Bank	*12½%	Yorkshire Bank	12½%
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
E. T. Trust	12½%		
Exeter Trust Ltd.	13 %		
Financial & Gen. Sec.	12½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptrs.	13½%		
Grindlays Bank	‡12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.70%. 1-month 9.80%. Top Tier—£2,500+ at 3 months notice 12.08%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8% gross.
¶ Mortgage base rate.
§ Demand dep. 8¼%. Mortgage 13%.

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Hanson's US profits. Hanson's lawyers re-open the case.

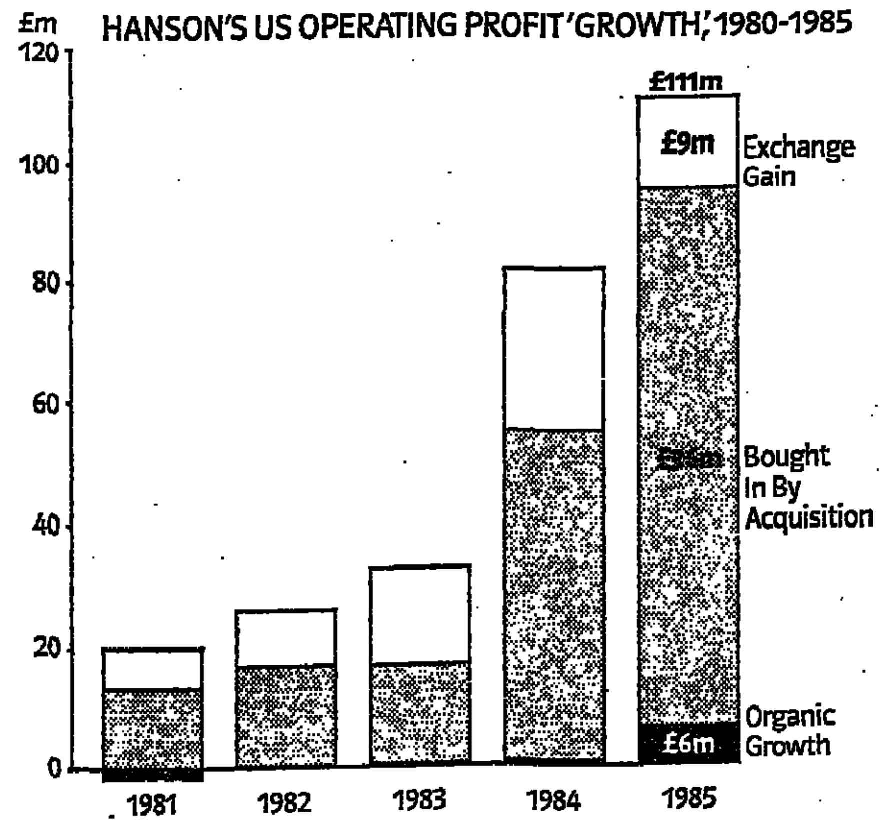
Hanson Industries, the US arm of Hanson Trust, is responsible for about half Hanson's total operating profit – so in our letter to shareholders of 13.2.86 we took a cool look at its performance.

Hanson's solicitors responded by challenging some of our figures – though not our central point.

Nonetheless, we cheerfully re-ran our analysis – with the following result:

	£m
Total:	111
Less bought-in profit:	96
Less exchange rate gains:	9
Leaving organic growth:	6

HANSON'S US OPERATING PROFIT 'GROWTH', 1980-1985



This is precisely the calculation used in our letter to shareholders and confirms our central point: Hanson's US performance depends overwhelmingly on profits bought in by acquisition; and Hanson Industries' organic growth has fallen far short of US inflation over the period.

We rest our case.

Famous brands doing famously.
IMPERIAL GROUP

The sources for the information contained in this advertisement are the letters from the Chairman, Imperial Group plc to shareholders dated 13th February and 6th March 1986. The directors of Imperial Group plc (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed are fair and accurate. The directors accept responsibility accordingly.

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Telephone: 01-248 8000

Saturday March 8 1986

Victims of disinflation

SOMETHING FUNNY happened in the financial markets yesterday. When the Bundesbank made its long-forecast cut in official discount rates, the bond market fell. Then, when the US Federal Reserve in turn cut its discount rate, a move which had been a good deal less confidently forecast, the US bond market fell too. Meanwhile sterling, which ought to become more attractive as UK interest rates are left stranded on ever higher relative ground, fell too.

While there were some special influences at work—some disappointment that the German move was not sharper, and a misleading report that the British Government wanted to see sterling lower in Europe, the whole day was also a beautiful illustration of efficient market theory. The forecasts were already in the news: or to put it another way, the news was not "news" in the market sense.

This is a truth which needs to be kept resolutely in mind in the middle of a roaring bull market. Investors can all too easily reason that since the decline in sterling, or the fall in interest rates, or the cheaper prices of oil and raw materials are bound to be good for profits, the market is bound to rise when the news comes through. However, these elementary forecasts have long since been made by all the big investors, and are already reflected in existing prices. An efficient market will not rise when the expected happens: it may even take the expected news as a good opportunity for profit-taking, as happened yesterday.

Suspicious

The question that investors ought to be asking themselves is not whether they expect good news, but whether they are expecting the news to be as good as recent price movements suggest—just as in 1974 the wise investor was braced for bad news, but decided that it might not be as bad as the market collapse seemed to suggest. They should think especially carefully when markets fall on good news. It is when markets become addicted to good news, and require ever increasing doses to get a high, that things look suspicious.

The question, to put it more simply, is whether we are likelier to get nice or nasty surprises in future. Again, the week provided an illustration. The collapse of the tin rescue talks may well cause some quite substantial business failures. The losers will be small expert firms in the City, who have few friends in the outside world these days to mourn at their financial funerals: but their fate is a sharp reminder that this disinflation which is bringing good news on inflation, interest rates and growth prospects for the advanced economies is not itself a painless process.

Its main victims are oil and commodity producers, including those in the advanced countries. However, these are also customers for industrial goods. Makers of oilfield or farm equipment, or indeed the much-debated Leyland truck enterprise, which has regained its place as market leader at home but lost a whole export market in Nigeria, would not regard the present state of affairs as helpful, and nor would the banks who are especially exposed in these areas.

Selective

One of the forces of disinflation, indeed, is that banks all over the world are becoming much more selective in their lending. The quite modest Baker initiative to assist growth with new credits for the poorer countries is proving very hard to get off the ground: meanwhile the problems of those which have been hardest hit by the oil price collapse, such as Mexico, are reinforced by the flight of domestic savings into safer instruments overseas.

The renewed caution of the banks is of course very good news in a sense. Prudence allied to high profits enormously reduces the possibility of any widespread financial collapse, which was a genuine nightmare for central bankers three years ago; but it does not stimulate economic activity. Nor indeed does a structural shift in prices which simply results in even huger balance of payments surpluses for countries like Germany and Japan. Larger surpluses in these countries mean larger deficits elsewhere, and if *these prove difficult to finance*, the net result is less demand, not more.

That is why many international bodies, together with such national authorities as Mr Paul Volcker of the Fed, attach such importance to changes in Japanese and German policies for the good of the whole world economy. Both these countries *are firm opponents of any fiscal* stimulus — an injection of demand through government borrowing. They point instead to the fact that their careful policies have made it possible to reduce interest rates drastically.

This raises two questions. Will cheaper credit on its own produce a revival—no doubt through a surge in investment — or wil it simply take some pressure off existing debtors? The market suspended judgment yesterday, and rightly.

A stimulus to investment requires a fall in real interest rates — the cost of finance compared to expected future revenue flows — and so far the official cuts have only followed, very cautiously, behind the *expected fall in inflation*. It will take some more bouts of good news of this kind to justify real optimism.

THE CHANCELLOR'S OPTIONS

This time a political Budget

By Philip Stephens, Economics Correspondent

IN 1984 it was Mr Lawson, the tax-reforming Chancellor. Last year it was the "Budget for Jobs." This year the slogan has not yet been coined, but the Chancellor's aides have been working overtime to devise a suitably upbeat phrase.

Despite the traditional pre-Budget purdah which descends on the Treasury, it is clear that Mr Lawson's March 18 Budget *speech will be as much about* presentation as substance.

The Chancellor himself closed off many of the options in 1985 when, firmly prodded by Mrs Thatcher, he made a string of promises not to threaten various interest groups. The collapse in oil prices has closed off many of the rest.

That is not to say he will not pull something out of the hat. Mr Lawson is temperamentally a "tinkerer" and delights in springing clever surprises. A new tax on the City, a lower rate income tax band to give a boost to the lower paid, and further changes in National Insurance to ease the unemployment trap are all possibles.

The four major clearing banks which this week announced increases in profits ranging from 20 to 160 per cent must be feeling distinctly nervous.

The cheerful countenance of Lord Young, the Employment Secretary, in recent days also suggests that he has won his case for a Budget-day package of measures to help the long-term unemployed.

Despite Mr Lawson's patent lack of enthusiasm for special employment and training measures, he is expected to unveil a nationwide extension of the embryonic "Job Start" scheme and perhaps a further expansion of the Community Programme.

In broad terms, however, the Chancellor will deliver what economists call a neutral Budget. The Treasury may be able to conjure up a few hundred million pounds but any sizeable cuts in income tax will have to be paid for by higher charges elsewhere—most likely on petrol, cigarettes and alcohol.

"We are talking about minimal fiscal and maximum political impact," is how one insider puts it.

The £3½bn which this time last year the Government expected to be in a position to give back to taxpayers in 1986-1987 has long since vanished in collapsing North Sea revenues.

The halving of the oil price since November could easily cost the Treasury some £5bn in revenue. Even if production rises in 1986 (as the Government expects) and the price rebounds somewhat from its present lows, it is impossible to see much scope for net tax cuts without much higher borrowing.

Revenues from income and value added tax are buoyant, as shown by the much lower-than-expected public sector borrowing requirement so far in the current financial year. That, though, will only save Mr Lawson the embarrassment of having to raise taxes.

He has already ruled out any substantial increase in borrowing, a caution likely to be reinforced by the knowledge that the Organisation of Petroleum Exporting Countries has timed its next ministerial meeting to coincide with the Budget.

The Chancellor's aim on March 18 then will be to focus *public attention on any politically-attractive switches* he can make within a fairly neutral overall framework and, perhaps more importantly, on promises for the future.

The promises fall into two categories. The first is for a continuation of steady growth in output and falling inflation. The second embraces the potential for large tax cuts and radical reform of personal taxation if the Conservatives are re-elected.

Despite the loss to national income caused by lower oil *prices, the Government appears* confident that the overall impact on the economy will be slightly favourable.

Stronger world trade and the sharp decline in sterling's value against European currencies should give a boost to exports. Investment will benefit from the improvement in manufacturing profits which will follow from lower fuel costs.

The recent round of international interest rate cuts also holds out the prospect that the traditional Budget-time reduction in bank base rates is again a distinct possibility.

Treasury forecasts suggest that the overall growth of the economy next year could be below that in 1986—perhaps 2½ per cent against 3 per cent—but more of it will be concentrated in the non-oil sector so the favourable impact on jobs should be greater.

The outlook for inflation has also improved. Although a weaker pound offsets some of the benefits of tumbling oil prices (and additional increases in excise duties would do the same) the annual inflation rate looks to be heading sharply lower.

Most forecasters believe that the present 5.5 per cent rate will be below 4 per cent by the summer. Many think that with*out extra duty on petrol it* could be closer to 3 per cent. After that, the pace of price rises will depend crucially on how wage bargainers react, but the Treasury appears confident that *it can hold inflation at* around 4 per cent.

Alongside these optimistic forecasts, Mr Lawson is likely to promise a sizeable cut in income tax just ahead of the next general election and fundamental reform of personal taxation just after it.

Promised tax cuts next year, of course, have a habit of not materialising and will depend on the Treasury winning this year's looming battle with the Cabinet "wets" over public spending. The Chancellor, though, will assume victory and pledge the reductions anyway.

The independent Institute for Fiscal Studies estimates that if the Government forgoes tax cuts this year it might have £4bn to give back in 1987. If there were an election in the autumn of that year, as several ministers expect, the timing would be perfect.

The promise on reform of personal taxation will be contained in the Green Paper to be published alongside the Budget. It will focus on proposals to introduce a new system of transferable allowances between husbands and wives which should cut the tax burden on most families with young children.

Essentially, both partners in a marriage will have equal allowances which can be transferred between them if one chooses not to work.

The system has its critics. Many believe that it is discriminatory—deliberately designed to discourage women from working in order to shorten the dole queues. Believers in "fiscal neutrality" contend that it will simply add new distortions to *the tax system at enormous* cost.

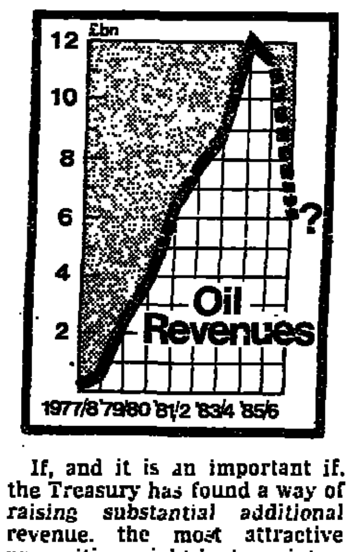
But the Government, which has already said that the new allowances could not be introduced until the Inland Revenue is fully computerised in 1990, sees it as a potential vote-winner if it is implemented alongside overall reductions in tax.

For this year, the politics of the Budget are fairly clear. Mrs Thatcher's pointed references to how much the Government has done for the well-off over the past few years and the *need to help the £140-a-week* nurse have provided the reference point.

If the Chancellor does decide to make some modest reductions in income tax, then, the emphasis is likely to be on raising thresholds over and above the amounts needed to keep pace with inflation.

Indexing the allowances on the basis of a 5½ per cent inflation rate will cost the Chancellor around £1bn in 1986-87, but that will already have been provided for in his Budget arithmetic.

He could, though, decide to raise the thresholds by, for example, 10 per cent, which would cost an extra £700m in the first year.



If, and it is an important if, the Treasury has found a way of *raising substantial additional* revenue, the most attractive proposition might be to re-introduce a new 25 per cent lower rate tax band for the first slice of taxable income.

Mrs Thatcher has made it clear that she regards a reduction in the rate at which workers begin paying tax as a priority, even though it was the present Government which abolished the lower rate band in 1979.

The problem is that a lower rate band on, for example, the first £1,000 of taxable income would cost around £1bn over *and above the cost of indexation*.

An alternative way to help the lower paid would be to extend the concessions on National Insurance payments which the Chancellor introduced last year. Mr Lawson could further increase the thresholds before which the poor pay the full 9 per cent rate of National Insurance, perhaps raising the extra cash by lifting or abolishing the upper limit on contributions. ...

As for as other revenue raising measures are concerned, Mr Lawson's options are limited. Last year he gave an undertaking not to extend the base for value added tax, nor to change the treatment of epnsion fund taxation. Changes in corporation tax are also limited by his 1984 reforms of company taxation.

A new tax on the City in the form of a levy on financial transactions has been under consideration in Great George Street. It would certainly fit in with the current political prejudice in Whitehall.

The Chancellor is under intense pressure at least to halve the rate of stamp duty on share transactions from 1 to 0.5 per cent to ensure success for the City's "Big Bang" in October. *If Stock Exchange* turnover continues to climb, the cost might be only £100m or £200m, but the politics argues against any concession to the City which is not balanced by new revenues.

The problem is that it is not clear whether the Treasury has been able to solve the myried of legal and technical problems *associated with any new tax on* financial services.

Sizeable new revenues could therefore depend on over-indexing excise duties, particularly on petrol. The attraction is that because some petrol price cuts are probably still in the pipeline, part of any increase in duty would probably go unnoticed.

Beer drinkers and cigarette smokers have become used to increases above the inflation rate for some years and can expect the same treatment this year.

The impact on the retail price index of a fairly hefty increase in excise duties would also be muted. Because of the sharp increases in the index at the same time last year, the annual rate *of inflation will drop dramatically* in April and May.

Prof Alan Budd of the London Business School, an expert Treasury-watcher, also believes that it might be politically attractive to smooth the expected fall in the inflation rate over a longer period.

Inflation at 3 per cent or so this April but then gently rising in the run-up to the next election might not be as politically attractive as a higher pace of price rises this year followed by a slowing in 1987.

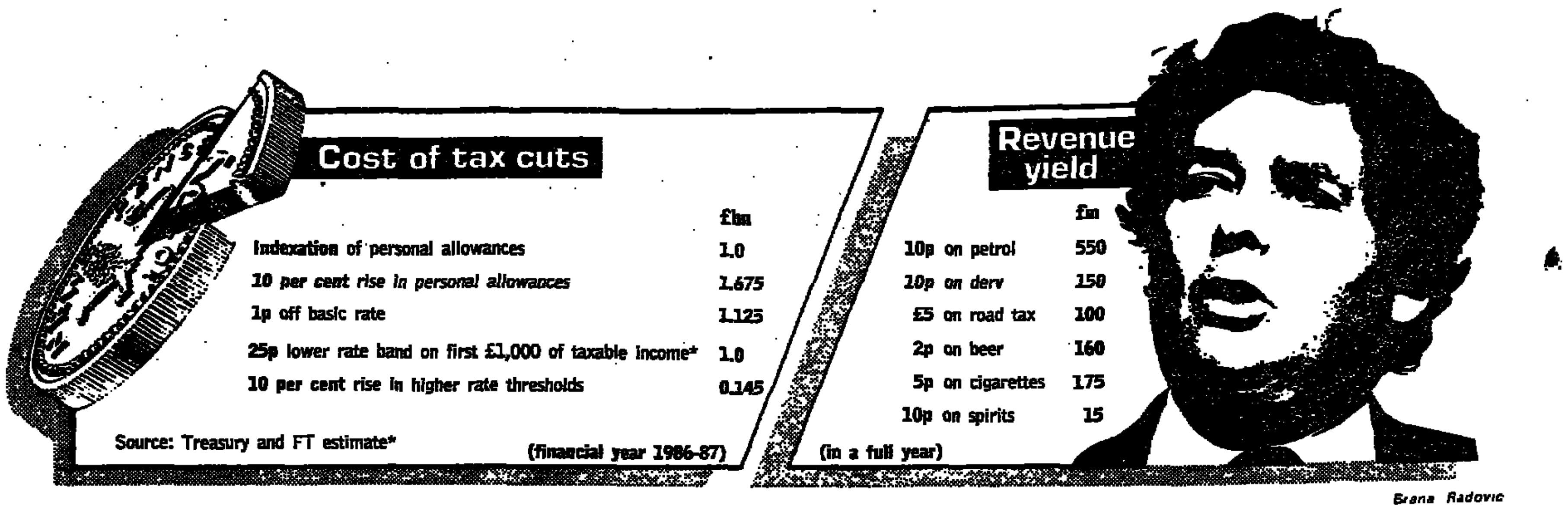
Prof Budd reckons that Mr Lawson *could probably raise* around £1bn through over-indexation of duty at a cost of about an extra ½ percentage point on the RPI.

He still doubts, though, whether that would allow more than a small reduction in income taxes as revenue will be needed for extra employment measures and the expected reduction in stamp duty.

Mr Lawson might also want to go at least some way to meeting the demands of the charity lobby and of many of his own backbenchers by *introducing* tax deductibility donations to registered charities. It is a politically attractive measure which fits in well with the Conservative philosophy of individual responsibility.

The overall arithmetic then looks extremely delicate. And Mr Lawson can be sure that the financial markets will pore over *every detail of his Budget* "Red Book" to check for any dubious sleights of hand.

When he speaks on March 18 he will also know that a shift upwards in the sterling/dollar exchange rate or another few dollars off the oil price could wreck the arithmetic in a matter of months. It will not appeal to Conservative Central Office but perhaps the wisest move by the Chancellor would be to unveil a "Budget for the time being."



Brana Radovic

Man in the News

Graham Day

A nasty surprise from Mrs Thatcher

By Kenneth Gooding

GRAHAM DAY drives a Ford Granada because, he says, his company fought for the biggest discount it could get and Ford offered 25 per cent.

So he already knows from the customer's side of the fence just how severe the competition is in the UK car market. Soon he will view the position from a *different perspective*—and driving a Rover saloon—because he is to join BL as chairman and chief executive as soon as the future of the Land Rover-Leyland commercial *vehicle division is resolved*.

Day, chief executive of British Shipbuilders, is a tall, slim, athletically-built Canadian of 52.

He was probably Mrs Thatcher's personal choice for the BL job, raising the question: is this another example of her preference for things North American?

Day says not. "If the Prime Minister thinks I can perform, it is because of what I can do, not where I come from."

He insists that there is nothing much wrong with British managers. There are tens of thousands doing well in North America. "Britain has always been fertile ground for the US to recruit management."

But like many North Americans, he has reservations about the educational system which places so much emphasis on academic achievement without doing much to prepare people for jobs in commerce and industry.

Day says he has been well aware from the earliest days that he would have to earn a living. What he wanted to do, above anything else, was to accept a job offered during his second year in law school: to sing *baritone with the D'Oyle* Carte Opera. That was in 1954.

Day decided to finish his education and became a barrister before joining Canadian Pacific in 1964 as its assistant general solicitor.

Between 1970 and 1975 he pulled the Cammell Laird shipyard back from the brink of closure and then became chief executive of BS to prepare the industry for nationalisation.

The nationalisation bill was delayed and he quit in frustra*tion at the end of 1978*. He was lured back to BS from Canada—where he had spent some time lecturing and some with Dome Petroleum—but only after he demanded, and received, written *objectives from the Government* acceptable to him.

He says that arrangement has enabled him to have a very effective working arrangement with ministers and civil servants.

"Of course I get frustrated with the Whitehall machine, but I know the civil servants get frustrated with the macine too."

Day *has not had the chance* to agree terms with the Government about his job at BL because the relationship between the vehicles group and the Government is different from that with British Shipbuilders. BL is not a nationalised industry but a quoted public company in which *the Government happens* to own 99.9 per cent of the shares.

Day, a soft-spoken, bearded man with an easygoing manner, says that he will spend some time talking to the BL board and senior management to see what is in train, discuss with the Government its objectives and then decide what should be in the corporate plan.

"*Eventually we* will have an agreed game plan—none of us can afford these conflicts (between the BL board and the Government) which have apparently cropped up in the past."

He is not committed by his acceptance of the BL appointment to any of the present board's decisions except where contracts are already in place, he says.

When he takes over it will be the first time since Sir Michael Edwardes left in 1982 that BL has had a full-time chairman and chief executive. Sir Austin Bide, 70, was only part-time chairman and operated, in effect, with two chief executives, one for the car division and one for commercial vehicles.

Day's appointment came as a complete surprise to BL executives. As Day says himself: "Surprises in business are always nasty."

He does not know what lay behind the move "but I suppose the Government believed that the management collectively was not taking BL in the direction it should go."

However, he says he is "not unaccustomed to going into situations where I was not particularly welcome. In any case I suspect that there are people I haven't met in BL who will besaying, "Oh-oh, this will relieve the boredom for a while.' And I might even be welcomed by some of the younger managers."

His arrival at BL's corporate headquarters in unlovely Uxbridge, West London, will involve a major change in style there. Day prefers what he describes as the "walkabout" management style, where senior executives wander into one another's offices freely to exchange information.

"We don't have memos flying around at British Shipbuilders. *And I told all my managers not* to send me copies of their correspondence for information. That's just to cover your ass, I said. You've got the responsibility, you've got the budget, you get on with it. But to do this you need total confidence in your key people."

Rummaging through his briefcase, Da compares the BL corporate plan, some six inches thick in several sections, with that of BS—only 75 pages. "I want time to do the things I think are important. I don't want to build myself a paper prison."

That is not to denigrate the idea of the corporate plan. Day says the corporate plan, succintly outlining management objectives, isa critical management tool.

He insists that he is good at delegating responsibility but still operates a "hands on" style of management. "I want to see it and hear it and touch it. I want to get my hands on all the key sectors until I know what's going on."

هكذا في الأصل

هكذا في الأصل

Michael Dixon discusses the crisis in Britain's education syste

Why a shake-up is long overdue

WHEN most UK parents contemplate their children's education, today, the prospects they see would have seemed barely credible to their own parents at the same age. A generation ago the state-financed education service was riding high on a tide of public prosperity and enthusiasm. Now people increasingly see it as rudderless and leaking, if not breaking up altogether.

Complaints channelled through MPs and amplified by 13 months of disruptive pay-protests by teachers, an annual event since 1983, have stirred the Prime Minister. She apparently pins a good deal of her hopes of re-election on schemes for thoroughgoing reform of the service with the over-riding aim of bringing it into line with the wants of a society dependent on advancing technology.

The aim is hardly original. For instance, it was among the objects of the expansion of the service a generation ago.

Party leaders have for years viewed education as a policy area where the best they can do is avoid losing votes. They have accordingly concentrated their pledges not on radically reshaping, but on gradually improving the system as it stands.

Since the actual outcome is deterioration, many people are wondering what successive governments have done to cause the decline. The answer is very little, except first to swell and then to shrink the service's supplies of money in real terms from the taxpayer.

Central government has little control over the service's detailed activities. Ministers are set at one remove from universities by the University Grants Committee. Schools, further education colleges and polytechnics in England and Wales are directly run by more than 100 local education authorities. Scotland and Northern Ireland make their own arrangements.

Although buttressed against central management, the network is subject to external forces. Some are party political, such as the drive which substituted comprehensive secondary schooling for the previous system of grammar schools for promising scholars and separate secondary moderns for the rest.

Other shifts seem more miasmic in origin. One was the switch from public examinations for teenagers in which a certificate was gained only by passing in a range of subjects, to exams which award a certificate for a graded result even in a single subject. Another was the drift from single-sex schools and colleges to co-education.

Such shifts have mostly taken place with little if any preparatory engineering in the sense of prior efforts to divine how an adjustment to one aspect of the system will affect others.

Education has largely held aloof from training. In line with the Aristotelian notion that intellectual reasoning is the source of civilised advance, the service concentrates on developing its young charges by scholarly study. For pupils with the highest intellectual aptitudes—roughly a third of the total—it provides more or less demanding academic lessons. The rest are mostly fed mixtures of watered-down academic topics. Anything more than a smattering of essentially practical study tends to be officially considered inappropriate, if not unseemly.

One result is that work-related training is widely viewed as something that happens to educational failures after they have undergone a minimum of 11 years' compulsory schooling. There are three other major problems. Ranked by the frequency with which they are publicly mentioned by political and other eminences, these are:

● Failure to feed the economy enough young people with either specialised technological capabilities, or with developed non-academic skills needed in the working world, such as *ability to work well in teams*.

● Overspecialised study, leaving many even of the minority who thrive in education lacking literacy, numeracy, or the skill to use foreign languages as tools of present-day communication.

● The fact that for every young person the education service formally qualifies as a success, it in effect disqualifies about two as failures.

Elsewhere, the last problem tops the ranking. "It is a national tragedy . . . that students are being prepared not for success in later life, but for failure," states a recent $1bn study by the US Committee for Economic Development. "Our nation cannot and must not continue to bear the cost of our children's economic failure."

One of the few countries coping fairly well with the problem is Germany, which has the benefit of a training system developed over centuries. It tends to be criticised for training too many bakers, say, for all to find jobs in the craft. But they still know what it is to do something for real to professional standards.

No such knowledge is possessed by most of the people the UK educates at an overall cost of some £15bn yearly.

"If it were a business with that much invested, there'd be severe disquiet among the shareholders to say the least," comments Mr Phil Judkins, manager of personnel and other management services at Rank Xerox.

"Besides directly recruiting from universities and so on, we run a Youth Training Scheme for 16-year-olds who haven't found jobs. What worries me is not just their usually limited writing and numbering skills, but their inability to express and present themselves to the adult world at all.

"We try to cure that at the start of our YTS. After four days, the trainees give group presentations on something they've researched to senior people. Some of the presentations wouldn't disgrace a team of management consultants. If they can develop skills like that so quickly here, why do they so largely have only failures to show for 11 years in education?"

Anxiety about schools' poor results with children whose intelligences run in other than academic directions is shared by Mr Maurice Shock, chairman of the Committee of Vice-Chancellors and Principals of UK universities.

"It's the feature of the system which makes me less than optimistic. I feel it is at least partly an effect of the move to comprehensive schools. With the earlier system, schools other than grammars were on the way to establishing more practical courses of study for pupils who were neither good at nor interested in scholarship. But that did not seem to be considered when comprehensives become the vogue. It was largely scrapped, along with the grammar schools."

The tendency of pupils who do not qualify for continued education to emerge comprehensively demotivated is also criticised by Mr Parry Rogers. Although he recently retired as personnel director of Plessey, he is chairman of the Institute of Directors and of half a dozen mostly small companies, some in high technology.

He is at least equally alarmed by the relatively small proportion of education "successes" who are competent, not just in at best two of the three Rs, but in all of them. He blames it on early specialisation of study, which has increased since the scrapping of the old public exam system requiring passes in a range of subjects.

"It's quite common for children to concentrate either on arts or on science-side subjects once they reach 13. That's ridiculous. If they drop maths and physics at that age, for example, they're out of the electronics industry for life."

Altogether, therefore, there is strong evidence that radical change is needed, not least to end the quarantine which separates education from training. Moreover the Vice-Chancellors' Committee chairman, as well as Mr Judkins and Mr Rogers, doubts that the change can be left to be made entirely by the service's own internal devices.

"It may be able to adopt a broad-ranging core curriculum to end too early specialisation," Mr Shock says. "But I doubt that it is adequate to the task of quickly developing effective alternative routes of study for children who are not academically inclined."

Most other people within education would almost certainly disagree. For instance, Mr Peter Snape, general secretary of the Secondary Heads Association, believes that all is set for the necessary changes to begin once the teachers' unions accept newly defined job conditions. These, the object of resistance in the current pay dispute, would include provisions for higher pay to attract into teaching more specialists in mathematics, sciences, technology, design and crafts.

"If the unions can agree on the necessary changes in conditions—and there's a lot of bargaining to be done yet even though the pay dispute is at least notionally settled—enough agreement exists in the system for reforms to go ahead. Mind you, if the job changes aren't agreed by much after the end of the year, I don't think the Government can just let the matter rest."

In which case there might well be no alternative to interventions of the sort now being canvassed by the Prime Minister. The options she is considering include combining education and training under a single ministry less like the present Education Department than the Manpower Services Commission, and issuing parents and older students with vouchers representing an entitlement to given amounts of study which they could "cash" at schools and later courses of their choice.

Mr Shock, the Vice-Chancellors' committee chief, strongly opposes the proposal for a single ministry. "The MSC is already over-bureaucratic and extending it would make it worse. The idea of such centralised control of the whole activity fills me with despair."

Mr Rogers is not against any measure which would produce the requisite change. "If we simply go on as we are doing, the country's standard of living is going to collapse, and with it will go our ability to afford education."

Mr Judkins, while sure some kind of shake-up is required, suspects that Mrs Thatcher's central theme of gearing education more to employment would lead to concentration of children's time on acquiring technical skills of at most short-term usefulness.

"The way technology is changing the working world, fewer and fewer people will have employment in the sense of being handed things to do and paid for it until they retire.

"Education needs to prepare children for that changed world by making them aware it is coming and that they'll need to retrain in new technical skills several times in their lives. They have to be given understanding of their own individual strengths and weaknesses, and the skills technology can never make superfluous. I mean the skills of persuading and otherwise coping productively with other people—the skills of humanity, in short."

Tony Walker reports on latest moves in the Gulf War

The chill reality of Iran

IT WAS more like a religious rally than a gathering of soldiers preparing themselves for battle. Standing before a huge portrait of Iran's religious leader, Ayatollah Ruhollah Khomeini, thousands of volunteers proclaimed their desire for martyrdom and rhythmically thumped their chests while reciting verses from the Koran.

Some of the young men carried white carnations. Others brandished flags and placards, including the muscular symbol of Iran's revolutionary guards. In the background stood a group of silent women shrouded in black.

"Allah O Akbar (God is Great)," chanted the young men in unison, facing the Majlis, Iran's parliament. "War, war to victory," they shouted. "Death to America, death to Saddam (Iraq's leader, Saddam Hussein)."

More than six years after the Shah's downfall and five and a half years since Iraq's president Saddam Hussein, in an act of almost unparalleled folly, ordered the invasion of Iran, the flames of revolution are still flickering, fuelled in part by an apparent common desire to reap vengeance against the Iraqi invaders.

An awesome commitment to the war continues to permeate life in Iran today, defying predictions that weariness would overtake the combatants who would quietly seek ways to bring the conflict to an end. As Iran launched its latest offensive against Iraq there was no shortage of potential martyrs.

It is this seemingly inexhaustible supply of young men willing to die on the Gulf War front that spells chilling danger and possible doom for Iraq's secular regime. The longer the war drags on the more difficult it inevitably becomes for Iraq with its smaller population to withstand the weight of Iran's superior numbers and sense of mission.

While some of the shine has gone out of the Iranian revolution—it is currently burdened by squabbling clerics jostling for power in anticipation of the death of the aged Ayatollah Khomeini and by deteriorating economic circumstances—the regime retains sufficient credibility to prosecute a war whose human and material costs are almost beyond comprehension.

At Behesht-E-Zahra, the vast necropolis on the southern outskirts of Tehran on the road to the holy city of Qom, I recently watched coffin after coffin of war dead carried to their graves by chanting friends and relatives who transformed a traditionally solemn occasion into a grim celebration.

At Qom, families of victims of the latest fighting drove their cars, adorned with the rifles, rucksacks and helmets of the fallen, in convoy through the streets. Violent death appears to have become part of life's ritual in Iran.

Unlike previous occasions when there were street demonstrations against the war, the current offensive has attracted little, if any, public criticism.

War has become so much a fact of everyday existence, that people appear to regard discussion about it ending as superfluous.

There are, nevertheless, indications from the front that the terrible conflict may have entered a convulsive phase with unpredictable consequences for Iraq. Just how much Iraq's grip has been loosened will only become apparent if Iran seeks to capitalise on recent successes.

It is just possible that a critical turning point has been reached in a conflict that seemed to be heading for stalemate. Iran's drive into southern Iraq followed by its thrust into Iraqi Kurdistan in the north is exerting tremendous pressure on the regime in Baghdad which now finds itself fighting on two fronts and worrying, no doubt, about a fresh offensive.

A third front, possibly east of the southern Iraqi city of Basra, would make life very difficult indeed for Iraq whose counter-attacks against Iranian positions on the Faw peninsula in the far south appear to have bogged down in difficult terrain and in the face of fierce resistance.

Military attaches in Tehran speak of Iran making inexorable progress in the conflict through sheer persistence and by learning from mistakes. These officials detect a more methodical approach by Iran to the task of wearing down its opponents with suicidal human wave tactics now unfashionable.

The fortunes of prominent figures, notably Majlis speaker Hashemi Rafsanjani who is Ayatollah Khomeini's personal representative on the "war council," are tied to a certain extent to successes on the battle-front. Rafsanjani has assumed greater prominence in recent months at the expense of rivals in the leadership such as President Ali Khamenei.

After an absence from public view of several days in the second week of February, the Majlis speaker has been especially visible and vocal. Much less visible has been Ayatollah Khomeini himself who has carefully rationed his appearances since well before the new year. His voice, according to long-term western residents, has sounded appreciably weaker in recent broadcasts.

A pointer to a possible period of disruption in the post-Khomeini era is that Ayatollah Montazeri, the religious leader's nominated successor, has far from achieved the unanimous endorsement of the country's senior clerics, the so-called "council of experts."

Of more immediate concern, however, than the long-running dispute between radicals and conservatives in Iran, is the sharp deterioration in the economy which is almost totally dependent on oil sales for its hard currency earnings (oil accounts for 95 per cent of exports).

Foreign exchange earnings may drop to about $12bn or even less for the Iranian financial year to March 21, against projected revenues of $19.5bn. Prospects for financial year 1986-87 appear even bleaker. It is possible that earnings from oil at present prices will slump to about $8bn.

Iran's ability to prosecute the war might then be seriously curtailed and perhaps even jeopardised.

Letters to the Editor

Taxation of oil

From Lady Seear

Sir,—In your leader of February 28 you advocated the higher taxation of petroleum products. This seems the most extraordinary advice at a time when nothing could be more important than a reduction in industry's costs to improve competitiveness and so to increase employment. It is profoundly to be hoped that the Chancellor of the Exchequer will take no notice of your proposal.

Seear.
(Leader of the Liberal Peers),
House of Lords, SW1.

A healthy windfall

From Mr C. Smith

Sir,—Three foes crippled our economy at the start of this decade: 'Opec II," seven points on VAT and a lull in pay restraint. We still have prices inflated by that combination. Our "macro-economic policy was seriously out of kilter" (Editorial, February 28), but Opec III is reducing our prices. What would have been a cyclic-sub-4 per cent inflation rate, this summer, will be less than 3 per cent. It will be down to 2 if the Chancellor assures oil companies that market petrol prices would not be increased by petrol tax.

Now is the time for a 3 or 4 point VAT cut to help Opec undo the harm of 1979. For £3bn, we could have level prices and what your editorial termed "disinflationary growth." That is the investment one would like Mr Heath to call for. The jobs generated would be spontaneous, real and lasting. Money that holds its value produces more and buys more, in virtuous circles.

Treasury model analysis could work out how soon the VAT loss would pay for itself through greater turnover, more receipts from company and direct tax, and no cost-of-living outgoings. The upswing they find will be most marked in real GDP and in acelerating unemployment reductions. More pay may be earned in an expanding economy, but with prices steady there will be little need for awards.

If we alone were gaining from stable prices, an improvement in international competitiveness would emerge as part of the bullish pattern. Other countries' economies, however, are being better lubricated by Opec III. Some of them may "simply sit back and enjoy" a healthy windfall of zero inflation. If we chuck our windfall back up the tree with oil-product taxes, we shall deserve our renewed uncompetitiveness.

Politicians point to inflation as the father of our ills and to unemployment as its biggest child. Mr Lawson has a cut-price chance to kill the one and watch the other wilt.

Christopher W. Smith,
Tilcocks,
Aspley Guise, Beds.

Arable land rent

From Mr W. Reid

Sir, — John Cherrington's article of March 4 invites comment.

Where a landowner accepts a *rent of £50 per acre for arable* land, he is receiving the customary return of between 2 per cent-3 per cent. As in the majority of cases he has inherited the investment; over the long term the investment is rising in price as hedge against the fall in the value of money.

In this case it is probably a better security than the long term holding of gilts whose nett yield (present inflation subtracted) is about 4 per cent which in a hundred years is still only a piece of paper! Returns to land in hand are well above 3 per cent.

If tenants pay only £50 per acre theirs should be a good deal at present, but is presumably an average of an imperfect market's return.

W. McM. Reid.
36, St Peter's Square, W6.

Experiments on animals

From the Head of External Affairs, British Veterinary Association

Sir,—It is clear that Mr Trew (March 1) continues to misunderstand the Animals (Scientific Procedures) Bill currently under consideration in the House of Commons.

Rather than selective bans on specific tests, such as cosmetics (which account for less than 0.5 per cent of the experiments currently performed annually and continue to drop) the Bill is far more radical in that it will control everything. Each project using animals will be assessed on its own merits, regardless of whether its purpose is medical research or safety testing. This goes much further than is proposed by those who call for selective bans while ignoring painful or unnecessary experiments which are carried out in the name of science. While it is true that the Home Secretary will now be able to issue licences to those who need training in the techniques of micro-surgery it is important to realise that the delicate techniques involved in this relatively new area of medical science cannot be practised satisfactorily on dead subjects. Licences, however, will only be issued to qualified surgeons working on approved microsurgical courses using rodents under terminal anaesthesia.

While all reasonable people would prefer not to use animals for experimental purposes (and it should not be overlooked that many millions of animals have themselves benefited from such experiments, for example, the protection afforded by distemper, parvovirus and rabies vaccines) in the present absence of sufficient valid alternatives it is important to aim for as few experiments as possible, with any suffering reduced to the absolute minimum. The BVA supports the Bill because it believes it provides a realistic basis for achieving far greater protection for experimental animals while reducing the number of animals used, minimising any suffering caused and actively encouraging the replacement of animals with alternatives wherever possible.

Christine Nicholls.
7, Mansfield Street, W1.

The dairy scene

From Mr O. Dowding.

Sir,—Congratulations are due to Andrew Gowers for writing such an objective article (March 3) about the Milk Marketing Board.

It would appear that the major dairy companies want everything their own way. They used the MMB's obligation as a buyer of last resort to suit themselves. This they did by offloading their crumbling butter and skim milk powder (SMP) plants on to producers who were forced to revitalise this part of the industry at great expense. Dairy Crest began marketing produce under its own brand labels, aggressively and very successfully. Nothing strange with that; as any private company would do exactly the same.

Then in 1983 years of ineptitude, indecision and total lack of foresight by successive Councils of EEC Ministers could continue no longer. Milk production quotas were forced upon producers, causing a savage retraction of the industry. This necessitated the closure of creameries, butter and SMP plant at short notice.

The dairy trade cannot seriously expect to run with the hare and hunt with the hounds? That is what their actions and words between 1977 and now suggest.

O. H. A. Dowding,
Orchard House,
Shepton Montague,
Wincanton, Somerset.

A victim of ballots

From Mr D. Stevenson

Sir,—As a "victim" of ballots in both Laura Ashley and Wellcome, I read Lucy Kellaway's article (March 1) on new issue ballots with interest.

She states that everyone has an equal chance of success but notes that companies may prefer to have their shares predominantly held by institutional investors rather than by individuals. Unfortunately most ballots are weighted to produce just that result.

You will perhaps understand that, as a small investor, statements that wider share ownership is being actively encouraged are taken with a large pinch of salt.

An education campaign on the subject aimed at companies and their merchant bank advisers is long overdue and would be much appreciated.

D. J. Stevenson,
8, Westgate Court,
17, Croft Rd,
Thame, Oxon.

Size of merger

From Mr R. Crum

Sir,—The DTI table (March 3) on acquisitions and mergers (1963 to 1985) is interesting and informative but the accompanying text, albeit accurate, is bland and misleading. Dividing the total value of mergers (at 1985 prices) by the number acquired produces a figure for the average size of merger in each year. What that shows is that although there may have been relatively few mergers in 1984 and 1985, they were individually very large. In fact 1985 shows much the biggest average size of all the 23 years of data and it looks as if 1986 will exceed that level. The message is quite clear; industrial concentration has been increasing rapidly over the last two years, and UK industry was already more concentrated than that of most of its competitors.

This wouldn't matter if there was clear evidence that UK mergers followed industrial logic and it was well known that the creation of really large UK firms automatically led to greater competitivenes and improved performance. But no such evidence exists. In any case the general impression is that the recent spate of very large mergers is a product of the pursuit of personal power and prestige with little or no regard for industrial logic, rather than the creation of new capacity, promotion of new products or marked improvements in competitiveness.

One always welcomes accurate data—there's all too little of it around these days—but spare us the misleading and anodyne accompanying commentary. We await with interest a strong ministerial comment from the DTI about what the Government is actually go- to do about competition policy in particular, and industrial policy in particular.

R. E. Crum,
89, Hall Road, Norwich.

Architectural competitions

From Mr E. Abt

Sir,—Colin Amery's article on architectural competitions (March 3) was excellent except on one major point of detail.

The encouragement of the larger role for promoters in the assessment procedure was not a "decision by the Department of the Environment." The DoE has made an important contribution to the new style competition system with its guidelines for promoters on competition briefing, but it was architects themselves who decided that juries should henceforth be composed of equal numbers of architects and laymen.

That correction apart, we are pleased that your correspondent likes the new competitions system. It does seem to be working, since more competitions are being run by the RIBA in 1986 than in any year since the Second World War.

Eli Abt.
(Competitions Chairman
Royal Institute of British Architects),
7, French Row,
St Albans, Herts.

The costs to the family

From Mr E. Barber

Sir,—To justify the sale of BL, the Prime Minister tells us that British families have subsidised it by £200 each.

To the same families, £598 is now the annual cost of the EEC's lunatic Common Agricultural Policy.

To follow her logic, will she now rid us of the Common Market?

Edward Barber.
5, William Paston Road,
North Walsham, Norfolk.

UK COMPANY NEWS

Bid speculation fuels big Lonrho share price rise

BY MARTIN DICKSON

THE SHARE price of Lonrho, the mining, trading and industrial conglomerate, soared yesterday in hectic dealing when the company reported a pattern of aggressive buying of its stock, coupled with suggestions that a consortium has been organised in the US to make a bid for Lonrho.

Lonrho shares closed at 280p, up 20p on the day, after reaching 285p at one point. There was also extremely heavy traded option business, involving some 13m shares.

On last night's close, Lonrho has a market capitalisation of about £750m.

The company said it had not received any recent notification under the Companies Act that any shareholder had more than 5 per cent of its shares, but it was taking all possible steps to clarify the position.

In its first official statement following days of bid speculation, Lonrho said that during the last few weeks there had been substantial buying in its ordinary shares, call options and ADRs.

"The directors have heard rumours and speculative comments concerning the reason for the keen interest in Lonrho shares," it went on.

"Until now we have looked upon it as being a proper rerating of the company's stock. Within the last 48 hours, however, a much more persistent position has started to appear, with aggressive buying coupled with suggestions that a consortium has been organised in the US to make a bid."

Mr Paul Spicer, a Lonrho director, declined to spell out the source of these suggestions.

Late last year Lonrho identified a holding of about 4.9 per cent built up by two New York-based mutual funds, Mutual Shares and Mutual Qualified Income Fund, both managed by Heine Securities, a Wall St brokerage house.

Lonrho's share price has risen sharply from 162p at the start of last November when Gulf Fisheries, a Kuwaiti company which was once the group's largest shareholder, sold its remaining 7.5 per cent stake.

The largest single shareholder at present is Mr "Tiny" Rowland, the chief executive, with some 17.4 per cent of the equity.

BT plans further expansion in US

By Jason Crisp in London and William Hall in New York

British Telecom is to buy Dialcom, one of the leading US electronic mail companies, from ITT. The move will be BT's third acquisition in North America since it became a private company 15 months ago.

Last year Dialcom had revenues of $19m (£13.01m) from its own mailboxes and from licences in 13 countries. It has been growing rapidly and has more than 100,000 mailboxes but has been making losses.

BT is Dialcom's largest licensee with Telecom Gold, which has 5,000 customers and 36,000 mailboxes in the UK. Other countries with licences include Hong Kong, Australia, West Germany and Canada.

ITT, the US conglomerate which has been selling a number of its businesses, said that Dialcom had not met expectations in growth or profits. BT has signed a letter of intent to purchase Dialcom with completion expected in April. Neither company would disclose the price.

Electronic mail has been growing rapidly in the US where Dialcom's main rivals include Easylink, part of Western Union, MCI Mail, GEISCO, Compuserve and most recently American Telephone and Telegraph.

In the UK, Telecom Gold is the largest electronic mail service with competition from Easylink, licensed by Cable and Wireless and One to One, a subsidiary of Pacific Telesis, one of the Bell regional telephone companies. A Cable and Wireless subsidiary is also the Dialcom licensee in Hong Kong.

The acquisition represents part of BT's strategy to become a world supplier of information technology products and services. It follows the recent move to buy a 51 per cent stake in Mitel, the troubled Canadian supplier of private exchanges (PABXs).

BT said yesterday that it expected Dialcom to be profitable by 1988. The company has 220 employees in Silver Spring, Maryland. It was founded in 1970 and bought by ITT at the end of 1982

Jeyes buy-out completed

By Charles Batchelor

A MANAGEMENT team from Jeyes Hygiene, which makes industrial cleaning products, has completed a £9.1m buy-out of the company from Cadbury Schweppes, the confectionery and drinks group.

Five directors and 45 managers and key employees have contributed £500,000 while 12 institutions have put up a further £5.25m. The Midland Bank has agreed a medium-term loan worth £3.25m and provided a £100,000 overdraft.

Jeyes made a pre-tax profit of £1.46m on turnover of £22.1m in the year ended December 1985. It projects profits of about £1.53m on sales of £24.2m in 1986.

The company, which is based in High Wycombe, employs 350 people. It makes and sells disinfectants, cleaners, sealers, waxes, polishes and floor cleaning machines for use in factories, offices and hotels.

Jeyes plans to seek a listing for its shares late this year or in early 1987 on the over-the-counter stock market operated by Granville & Co, the corporate finance group, which has advised on the deal. It plans later to seek a full Stock Exchange listing.

Argyll's bid receives Scottish TUC approval

BY DAVID GOODHART

Argyll's bid for the Distillers spirits company yesterday received the blessing of the Scottish TUC but was attacked again by Distillers' senior management who favour the rival Guinness bid.

The STUC decision, which was not unexpected, appears to have been based on Argyll's firmer pledge that there will be no job losses in the Scotch whisky industry if it wins.

Distillers' deputy chairman, Mr Bill Spengler, revealed for the first time yesterday that Distillers had twice considered making a bid for Argyll. Initially it was looked at in the middle of last year as part of Distillers' business development plan, a key part of which was a major acquisition or merger. The idea was also briefly considered after Argyll's bid was unveiled.

Argyll's marketing experience in the US—where it concentrates on down-market brands and thus spends little money on advertising — was contrasted with Distillers' highly-marketed premium brands. Mr Spengler said: "Argyll do no understand our business and will not be able to boost profits. The company will be far better managed by Guinness with our help."

Although Guinness makes 67 per cent of its profits in Ireland and the UK and 18 per cent in Africa Mr Spengler insisted that the techniques of international brand management are already well known to Guinness.

Distillers also claims that if Argyll wins the supermarkets group will start to make 82 per cent of its profits from drinks and will thus face a re-rating which will depress its share price after about six months.

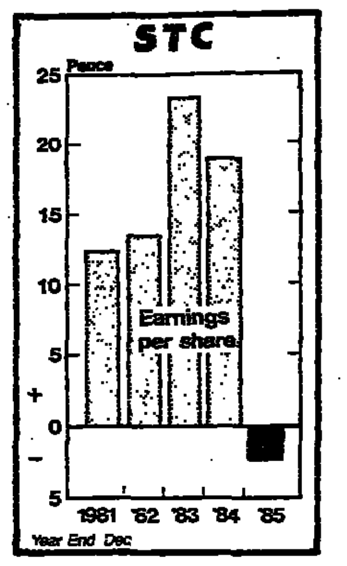
J. Jarvis passing interim

Building and civil engineering contractor J. Jarvis & Sons is forecasting a return to profit for the year to March 31 1986. The directors anticipate a small surplus compared with the loss of £705,823 in 1984-85.

In the six months ended September 30 1985 the loss has been reduced from £207,000 to £184,000. But there is no tax recoverable, against £105,000 last time, and the directors are passing the interim dividend — last year that payment and the final were maintained at 7.2p and 10.3p respectively.

STC dives £54m into the red

STC, the troubled telecommunications and electronics group, yesterday reported a net loss of £53.8m, after charging £109m in exceptional and extraordinary items, for the year ended December 1985.



Lord Keith, the chairman of STC

The charges are a result of the substantial redundancies, closures and reorganisation of the company which have been going on since it ran into difficulties last summer. Since then most of the senior management has been replaced, the number of employees has been reduced by 8,400, and a number of its smaller businesses have been sold or closed.

The company predicted that this year's profits would exceed the 1985 figure of £55.5m struck before the exceptional and extraordinary charges. Lord Keith of Castleacre, STC's chairman who replaced Sir Kenneth Corfield last summer, said that provisions had been taken for all the foreseeable problems.

About 40 per cent of the extraordinary and exceptional items charged to the 1985 accounts will not be actually paid until this year.

Exceptional items totalled £67m, including £31m for redundancies (5,700 in 1985), £21m for a write-down of assets and £15m for the relocation of businesses. The extraordinary items came to £42m and included the cost of closures, disposals and management buy-outs.

ICL, the computer company acquired in 1984 only made a marginal improvement in profits of £200,000 to £71.1m, but was by far the largest contributor to the group. Profits from telecommunications dropped sharply from £56.1m to £25.8m following a fall in turnover as a result of lower sales to British Telecom.

Sales to BT of TXE4 exchanges were £150m, about the same as last year and higher than expected as this product has been superseded by System X which is not made by STC. Sales to BT fell from £330m in 1984 to £295m last year.

Group pre-tax losses came out at £11.4m in 1985, against £140.8m profits before. Stated deficit per 25p share was 2.25p (18.9p earnings) and there is no dividend, as against a total of 9p in 1984.

STC says its reconstituted board has completed a thorough review of the group's businesses and has implemented measures to eliminate peripheral activities either by their sale or closure.

In addition, a vigorous programme of cost-cutting measures has been carried out across the remaining businesses, with particular emphasis on the reduction of overhead costs and the elimination of non-essential capital expenditure.

The company predicts that action already taken will improve the margins on existing contracts and the effects will become apparent by mid 1986. In addition, cost reductions will provide an improved competitive position.

The company says there are already encouraging signs that the order intake is increasing and several important orders have recently been secured which were not anticipated.

Capital expenditure was reduced by 30 per cent from the 1984 level to £129m, while company funded research and development expenditure in 1985 was £153.5m (£150.4m).

Net borrowings at the end of 1984 were £260m and by mid-year 1985, in spite of the £168m rights issue, these had risen to £277m. Action taken in the second half of last year produced a positive cash flow, which cut net borrowings by £98m to £211m by the end of the year. Proceeds from business divestments contributed £15m to this positive cash flow.

Group turnover for 1985 was maintained at £1.99bn (£1.97bn), while ICL's performance was 10 per cent higher at £1.04bn (£943m). Group overseas sales at £720m (681m) were 36 per cent (35 per cent) of total business.

Full year operating profits—before exceptional charges—declined from £170.6m to £92.7m, a reduction in margins from 8.7 per cent to 4.6 per cent. Interest charges increased from £20.6m to £37.2m.

A divisional split of operating profits shows: ICL £71.1m (£70.9m); telecommunications £25.8m (£56.1m); international communications and services £10.2m (£28.9m); components and distribution £4.5m loss (£20m profit); defence £11m (£11.6m); office equipment and other activities £12.2m (£3.4m) losses and discontinued operations £5.6m (£13.5m) losses.

The company says the ICL range of new mainframe products has been well received by customers. The successful co-operation with Fujitsu is a main feature of its policy in mainframes and the collaboration is progressing well.

Further new products are under development for the 1990s and plans are also in place to complement the existing distributed systems product range with new introductions during 1986.

STC Telecommunications has a more difficult task to exploit the worldwide expansion in telecommunications. The main problem is the run-down of the TXE4 local switching business, although this programme looks as if it will be extended longer than was expected.

The company says the future for submarine systems looks encouraging. The major change occurring in the business is the transition to optical cables and STC believes it is able to take advantage of this.

The STC defence business group at present is a very small part of the UK defence budget, but the company says the new MOD policy of widespread competition will provide an excellent opportunity for increased business.

Better prospects are anticipated in the components businesses and some expansion is expected in capacitor and thermistor products. Automotive electronics is a growing field for exploitation, while the distribution companies are well established and profitable.

See Lex

Derek Bryant static at £1.44m

PRE-TAX profits at Derek Bryant Group, insurance broker, were virtually static at £1.44m for 1985 after showing an increase from £637,000 to £726,000 at the interim stage—this included interest receivable up from £182,000 to £242,000.

Mr Derek Bryant, the chairman, says that despite difficult general insurance market conditions, rising costs and a lack of good insurance investment opportunities in the US, the company succeeded in achieving its three aims—to replace the brokerage income received in London from the Darrah account; to contain expenses, and to seek opportunities to increase its presence in the US, which in the medium- to long-term would increase dollar income.

The pre-tax figure was after staff costs up from £1.24m to £1.5m, higher depreciation of £80,000 (£65,000) and other operating charges of £1.3m (£1.19m). The shares of losses of an associated company amounted to £10,000 this time. Turnover was £4.32m (£3.92m) which included other operating income of £495,000 (£474,000).

Tax for the year was slightly lower at £669,000 against £686,000. After minority interests of £25,000 (£27,000) and pre-acquisition profit of £9,000 (nil), attributable profits came out at £732,000 compared with £715,000.

The total dividend of this USM company is increased from 7.35p to 8.1p net with an increased final of 5.4p (5p). Dividends absorb £198,000 (£174,000), leaving retained profits of £534,000, £7,000 down on 1984.

Stated earnings per 10p share improved from 29.32p to 30.02p.

Looking ahead Mr Bryant says he sees 1986 as a year in which development of new business from existing clients and new associations, including the new US subsidiaries, will make a meaningful impact on group profits.

Care Homes seeks £10m under BES

By Alice Rawsthorn

Care Homes is asking investors for £10m under the Business Expansion Scheme to establish a chain of luxury nursing homes. If successful it will be the biggest so far.

The company has acquired Dormy House in Sunningdale, Berkshire and plans to use the proceeds to renovate it as a luxury nursing home. It is also intended to acquire established nursing homes which will be brought up to a similar standard.

Although Care Homes will own and operate the chain, Lifecare Homes, an established nursing home management company, will be responsible for the management of the individual homes.

Over recent years the elderly segment of the population has increased substantially and will continue to do so in the short and medium term. Many specialist services have sprung up for this age group and the number of nursing homes is growing rapidly, with the business expansion scheme emerging as a popular source of funding.

As the end of the tax year approaches an unprecedented number of schemes have come onto the market. The present crop are collectively asking investors for £105m.

The Care Homes issue, of up to 10 million shares of £1, is sponsored by Anglo Dutch, which has underwritten the minimum subscription of £1.5m. It opens on Tuesday and has no fixed closing date.

Forward Trust hits record

RECORD new business volumes of £1.6bn, an increase of £213m over the previous year, is reported by Forward Trust Group for 1985. Forward is the asset finance specialist arm of Midland Bank Group.

It reports record pre-tax profits up from £39.7m to £40.5m, and higher trading profits of £38.4m against £37.3m. Share of profits of associates were slightly lower at £2.1m against £2.4m.

The final dividend is reduced from 8.5p to 7p net for a lower total fo 12p against 13.5p. Tax took £22.4m compared with £11.5m, which left profit attributable to the parent company down from £24.8m to £17.9m.

Reserves brought forward at January 1 1985 were £116.3m and these moved down to £117m at December 31.

Forward Trust's three major joint ventures in the UK—Fiat Finance, Avis Car Leasing and Leverton (FT) Finance—all traded successfully during the year, say the directors.

Reebok boost for Pentland

Pentland Industries' US Associate Reebok International, a sporting footwear distributor, estimates that sales in the first quarter of 1986 will aggregate between $160m (£110m) and $170m and net income will be between $22.5m and $24m. That compares with net sales of $39.3m and net income of $4.56m in the same period of 1985.

The figures were given with an announcement that Reebok intends to make a public offering of 2.2m shares.

On the basis of a 40 per cent holding throughout the quarter, and an exchange rate of $1.456 to the pound, the impact of Reebok on Pentland's earnings per share would be about 14p, compared to 3½p.

IN BRIEF

BOOKER McCONNELL, the food distribution and agricultural products group, is buying the catering business of Amalgamated Foods for about £5m. Booker said it was already the UK's largest supplier to the catering market and the acquisition, bringing in annual sales of £62m, would make it the clear market leader with yearly sales of over £140m.

WHITECROFT has purchased the building supplies business of Linca Derby for £302,000 cash and will merge it with Randalls, its existing operation *in that town*.

KEEP TRUST has purchased the name, goodwill, fixed assets, stocks and work of J. S. Engineering (*Norfolk*) valued at some £500,000, for a cash consideration of £372,000. J. S. is a manufacturer of equipment for the abattoir industry and is being acquired through Keep's subsidiary, Bristol Abattoir. In the year ended November 30, 1985, J. S. produced a turnover of £1.6m but incurred a loss of £11,000.

IRVING INTERNATIONAL Financing Corporation says the formal document containing the recommended offer for the issued ordinary capital of Smith St Aubyn (Holdings) has been posted. It contains an estimate by SSA's directors of the company's net tangible assets as at February 27 1986 of £6m, equivalent to some 37p per ordinary share. On this basis, the cash consideration under the offer would be around 40p per share. The consideration actually received by ordinary holders will depend on the company's net tangible assets on the day on which the offer becomes or is declared unconditional as to acceptances.

IBL has contracted to acquire CIL Computer Leasing (ME) of Cyprus for an initial $306,350. This can be met either in cash or shares—133,000 taken at current prices — and there is a deferred consideration geared to revenues which can be met similarly. At completion, the assets of CIL will comprise *mainly existing leases of computer* equipment to major customers in Bahrain, which are expected to produce net revenue of not less than $517,955.

PARINGA MINING & Exploration Co made a pre-tax profit of £175,000 (£148,000 loss) in the *six months to December 31* 1985. After tax of £132,000 (£60,000 credit) earnings per 5p share were 0.08p (0.5p loss). The improvement was largely due to the increased profitability of the Que River mine. Consolidation of North Flinders Mines' earnings for the half year also had a favourable impact.

Dinam offer for CSC

Dinam Investment Company, controlled by Mr E. D. G. Davies, is to make an offer in cash to acquire all the remaining shares it does not already own in CSC Investments at 161p.

On February 26, Dinam purchased 125,000 ordinary in CSC at 160½p to increase its holding to 10.28 per cent. The holding of those acting in concert with Dinam totalled 636,061 shares (38.68 per cent).

Gold Greenlees Trott

The stock market flotation of the advertising agency, Gold Greenlees Trott, has been substantially oversubscribed. Details of the basis of allocation for the shares will be announced on Monday by the brokers, James Capel, and receiving bank, Midland Bank.

Gold Greenlees Trott has issued just over three million shares, or 34.6 per cent of its issuing capital, at a placing price of 165p. The application list opened yesterday.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Mar 7 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thur Mar 6 Index No.	Wed Mar 5 Index No.	Tue Mar 4 Index No.	Year ago (approx.) Index No.	1985/86 High		1985/86 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (212)	686.41	+0.1	8.32	3.40	15.13	1.37	685.48	684.09	672.06	542.45	686.41	7/3/86	483.30	25/7/85	686.41	7/3/86	50.71	13/12/74
2	Building Materials (24)	729.53	+0.1	9.03	3.72	13.87	0.50	728.65	721.05	712.28	488.41	729.53	7/3/86	472.11	26/2/85	729.53	7/3/86	44.27	11/12/74
3	Contracting, Construction (27)	1049.40	-0.1	8.79	4.25	15.08	2.30	1050.69	1049.14	1037.88	684.12	1050.69	6/3/86	684.17	8/3/85	1050.69	6/3/86	71.48	2/12/74
4	Electricals (15)	1860.55	+0.2	7.88	4.08	16.54	2.50	1857.73	1841.44	1819.32	1583.32	1860.55	7/3/86	1289.36	10/7/85	1909.93	3/6/83	84.71	25/6/62
5	Electronics (38)	1717.13	+0.6	8.55	2.68	15.37	6.02	1706.06	1712.82	1675.17	1728.50	1977.60	9/1/85	1229.81	8/10/85	2049.85	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (63)	385.86	+0.5	9.19	3.86	13.27	8.64	383.79	383.22	375.82	295.00	385.86	7/3/86	263.85	25/7/85	385.86	7/3/86	45.43	5/1/75
8	Metals and Metal Forming (7)	295.38	+0.3	7.46	5.41	16.36	0.00	294.50	296.27	294.70	183.12	304.72	27/2/86	165.08	14/1/85	304.72	27/2/86	49.65	6/1/75
9	Motors (18)	268.69	+0.4	8.34	4.63	13.04	0.54	269.73	271.81	270.58	165.34	274.96	24/2/86	142.57	3/1/85	274.96	24/2/86	19.91	6/1/75
10	Other Industrial Materials (22)	1226.36	-0.7	6.17	2.93	19.32	2.35	1235.36	1224.76	1216.20	918.96	1235.36	6/3/86	921.81	3/1/85	1235.36	6/3/86	277.55	15/1/81
21	CONSUMER GROUP (184)	858.70	+0.1	7.88	3.26	15.95	2.07	857.76	858.76	849.53	633.16	858.76	5/3/86	604.96	3/1/85	858.76	5/3/86	61.41	13/12/74
22	Brewers and Distillers (23)	866.51	+0.8	10.13	4.11	12.01	2.33	859.78	857.56	854.03	563.37	866.51	7/3/86	550.66	3/1/85	866.51	7/3/86	69.47	13/12/74
25	Food Manufacturing (22)	625.78	-0.2	9.65	4.11	13.39	1.68	626.97	623.62	620.47	509.96	626.97	6/3/86	471.62	23/7/85	626.97	6/3/86	59.67	11/12/74
26	Food Retailing (14)	1892.78	-0.4	6.45	2.50	21.07	5.78	1866.29	1862.49	1861.85	1417.69	1893.46	27/2/86	1400.36	1/3/85	1893.46	27/2/86	54.25	11/12/74
27	Health and Household Products (10)	1462.00	+0.2	5.21	2.21	22.52	0.25	1458.95	1457.96	1446.72	1037.57	1496.53	24/2/86	980.65	11/4/85	1496.53	24/2/86	175.38	28/5/80
29	Leisure (25)	880.92	+1.1	7.35	3.93	17.52	9.39	870.63	874.54	862.97	688.56	880.92	7/3/86	590.69	12/7/85	880.92	7/3/86	54.83	9/1/75
31	Publishing & Printing (13)	2168.12	-0.1	7.80	4.29	16.18	2.36	2161.97	2174.39	2143.08	1724.05	2174.39	5/3/86	1446.15	3/1/85	2174.39	5/3/86	55.08	6/1/75
32	Packaging and Paper (15)	429.47	+0.6	8.04	3.70	14.78	0.89	426.84	430.42	426.21	313.43	430.42	5/3/86	286.36	3/1/85	430.42	5/3/86	43.46	6/1/75
34	Stores (43)	804.54	+0.1	6.64	2.70	20.36	1.06	803.37	809.24	799.48	557.40	834.96	25/11/85	529.47	19/2/85	834.96	25/11/85	52.63	6/1/75
35	Textiles (16)	481.86	+0.6	10.19	3.62	11.73	2.15	478.96	479.65	474.28	339.10	481.86	7/3/86	321.28	3/1/85	481.86	7/3/86	62.66	11/12/74
36	Tobacco (3)	1858.04	-1.3	12.48	4.70	9.23	0.00	1872.87	1874.59	1840.34	933.37	1884.59	6/3/86	714.72	28/1/85	1884.59	6/3/86	94.54	13/6/62
39	OTHER GROUPS (86)	825.00	+0.9	8.19	3.62	15.58	1.50	817.34	816.29	801.31	675.48	825.00	7/3/86	605.99	3/1/85	825.00	7/3/86	58.63	6/1/75
41	Chemicals (19)	944.62	+2.6	9.86	4.28	12.22	2.32	920.59	914.91	903.45	809.57	944.62	7/3/86	645.96	26/9/85	944.62	7/3/86	71.20	1/12/74
42	Office Equipment (4)	253.20	-0.1	7.65	3.98	15.57	3.41	253.40	253.32	249.43	184.54	259.44	22/1/86	172.97	12/8/85	259.44	22/1/86	45.34	2/1/75
44	Shipping and Transport (12)	1592.25	+0.4	6.43	3.64	19.27	0.60	1585.43	1594.94	1555.82	1122.82	1592.25	7/3/86	958.08	3/1/85	1592.25	7/3/86	90.80	29/6/62
45	Telephone Networks (2)	992.61	+0.8	8.30	3.30	16.52	0.93	984.46	981.80	956.87	797.32	992.61	7/3/86	701.92	3/1/85	992.61	7/3/86	517.92	30/11/84
46	Miscellaneous (49)	978.91	-0.1	7.09	3.48	17.26	1.68	979.81	984.73	973.17	834.79	984.73	5/3/86	787.88	26/7/85	984.73	5/3/86	60.39	6/1/75
49	INDUSTRIAL GROUP (482)	814.89	+0.3	8.07	3.39	15.64	1.76	812.29	812.88	802.04	626.96	814.89	7/3/86	599.75	3/1/85	814.89	7/3/86	59.01	13/12/74
51	Oil & Gas (18)	1181.76	-0.2	19.79	8.23	5.95	21.65	1184.30	1183.58	1181.36	1077.49	1299.25	15/2/85	[illegible]	3/7/85	1299.25	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	841.19	+0.3	9.25	3.87	13.43	3.30	838.97	840.24	827.82	677.62	841.19	7/3/86	636.98	3/1/85	841.19	7/3/86	63.49	13/12/74
61	FINANCIAL GROUP (118)	576.15	+0.8	—	3.93	—	0.28	571.59	572.55	570.06	450.42	576.15	7/3/86	426.20	3/1/85	576.15	7/3/86	55.88	13/12/74
62	Banks (7)	575.20	-0.3	18.89	4.33	7.78	0.00	576.71	581.50	579.14	448.36	581.50	5/3/86	425.08	15/4/85	581.50	5/3/86	62.44	12/12/74
65	Insurance (Life) (9)	899.49	+3.5	—	3.78	—	0.00	868.75	865.49	852.51	634.71	899.49	7/3/86	580.95	4/1/85	899.49	7/3/86	44.88	2/1/75
66	Insurance (Composite) (7)	468.73	+1.0	—	4.98	—	0.00	464.17	463.31	459.84	328.30	468.73	7/3/86	316.19	25/2/85	468.73	7/3/86	43.96	13/12/74
67	Insurance (Brokers) (8)	1245.23	—	6.79	3.44	19.66	0.95	1244.71	1242.82	1240.72	1154.85	1315.27	12/2/86	1009.26	29/7/85	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	336.22	—	—	3.19	—	0.06	336.35	336.10	333.38	234.04	336.35	6/3/86	220.65	3/1/85	336.35	6/3/86	31.21	7/1/75
69	Property (51)	729.88	+0.4	5.84	3.39	24.57	0.49	725.75	727.88	727.83	632.52	742.66	21/2/86	586.78	10/7/85	742.66	21/2/86	56.01	20/4/65
70	Other Financial (25)	328.63	+0.4	7.37	4.11	16.28	0.98	327.44	328.32	321.89	299.27	332.72	27/2/86	269.57	30/7/85	332.72	27/2/86	33.29	17/12/74
71	Investment Trusts (103)	702.86	+0.2	—	3.11	—	1.90	701.29	698.85	697.13	633.53	702.86	7/3/86	537.78	30/7/85	702.86	7/3/86	71.12	13/12/74
81	Mining Finance (3)	275.07	-1.6	12.16	5.65	9.57	0.00	279.63	282.27	273.75	292.22	311.08	15/4/85	254.23	5/8/85	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	667.82	-2.2	12.99	6.26	9.39	2.56	683.13	646.27	647.38	655.93	687.15	22/1/86	562.27	15/10/85	687.35	22/1/86	97.37	6/1/75
99	ALL-SHARE INDEX (738)	763.71	+0.3	—	3.99	—	2.56	761.12	762.12	752.48	619.40	763.71	7/3/86	581.88	3/1/85	763.71	7/3/86	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Mar 6	Mar 5	Mar 4	Mar 3	Feb 28	Year ago	1985/86 High		1985/86 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ♣	1573.8	+7.7	1574.0	1564.0	1566.1	1569.1	1548.9	1534.9	1543.9	1288.6	1573.8	7/3/86	1286.1	3/1/85	1573.8	7/3/86	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Mar 7	Day's change %	Thur Mar 6	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	120.63	+0.32	120.24	—	1.78
2	5-15 years	137.51	+0.66	136.61	—	2.16
3	Over 15 years	145.28	+0.85	144.05	—	3.13
4	Irredeemables	160.59	+0.86	159.23	—	1.62
5	All stocks	134.48	+0.57	133.71	—	2.18
	Index-Linked					
6	5 years	107.95	+0.01	107.93	—	0.81
7	Over 5 years	108.86	+0.06	108.79	—	0.71
8	All stocks	108.70	+0.06	108.64	—	0.73
9	Debentures & Loans	116.81	+0.09	116.70	—	1.23
10	Preference	82.31	+0.27	82.10	—	1.67

	AVERAGE GROSS REDEMPTION YIELDS		Fri Mar 7	Thur Mar 6	Year ago (approx.)	1985/86 Highs		1985/86 Lows	
	British Government								
1	Low	5 years	9.20	9.27	10.92	11.56	28/1/85	9.20	7/3/86
2	Coupons	15 years	9.45	9.55	10.73	11.20	28/1/85	9.45	7/3/86
3		25 years	9.45	9.55	10.28	10.72	29/1/85	9.45	7/3/86
4	Medium	5 years	10.32	10.44	11.89	12.39	28/1/85	10.32	7/3/86
5	Coupons	15 years	9.81	9.91	11.18	11.63	28/1/85	9.81	7/3/86
6		25 years	9.58	9.67	10.[illegible]	10.97	29/1/85	9.58	7/3/86
7	High	5 years	10.45	10.55	[illegible]	12.53	28/1/85	10.45	7/3/86
8	Coupons	15 years	9.98	10.07	11.40	11.76	28/1/85	9.98	7/3/86
9		25 years	9.61	9.70	10.78	11.03	29/1/85	9.61	7/3/86
10	Irredeemables †		9.38	9.46	10.[illegible]	10.49	28/1/85	9.38	7/3/86
	Index-Linked								
11	Inflat'n rate 5%	5 yrs.	4.75	4.72	0.0	5.18	14/1/86	4.23	27/2/86
12	Inflat'n rate 5%	Over 5 yrs.	3.80	3.80	0.0	4.01	20/1/86	3.70	27/2/86
13	Inflat'n rate 10%	5 yrs.	3.72	3.68	0.0	4.23	14/1/86	3.17	27/2/86
14	Inflat'n rate 10%	Over 5 yrs.	3.65	3.65	0.0	3.85	14/1/86	3.54	27/2/86
15	Debs &	5 years	11.03	11.07	12.23	12.78	27/1/86	11.03	7/3/86
16	Loans	15 years	10.85	10.88	11.96	12.37	29/1/85	10.85	7/3/86
17		25 years	10.68	10.68	11.94	12.37	29/1/85	10.68	7/3/86
18	Preference †		11.79	11.82	12.81	13.14	29/1/85	11.73	25/10/85

♣ Opening index 1569.3; 10 am 1569.6; 11 am 1567.7; Noon 1564.6; 1 pm 1564.2; 2 pm 1564.7; 3 pm 1567.8; 3.30 pm 1568.2; 4 pm 1569.7.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Vosper (6) has been deleted and replaced by Lowe Howard-Spink and Bell.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alliance Trust		14.75	April 17	12.25	20.75	17.25
Derek Bryant‡		5.4	May 1	5	8.1	7.35
J. Jarvis	int	nil	—	7.2	—	17.5
STC		nil	—	5.75	nil	9

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

BANK RETURN

BANKING DEPARTMENT

	Wednesday March 5, 1986	Increase (+) or decrease (—) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	4,753,929,227	+ 727,624,327
Bankers Deposits	846,669,351	— 69,294,549
Reserve and other Accounts	1,478,958,617	— 25,010,967
	7,094,010,195	+ 633,319,811
ASSETS		
Government Securities	529,967,771	+ 6,465,000
Advance & other Accounts	899,533,972	+ 339,020,741
Premises Equipment & other Secs.	5,657,868,552	+ 288,895,755
Notes	6,304,718	— 87,074
Coin	335,182	+ 4,609
	7,094,010,195	+ 633,319,811

ISSUE DEPARTMENT

LIABILITIES	£	£
Notes in circulation	12,023,695,282	+ 30,087,074
Notes in Banking Department	6,304,718	— 87,074
	12,030,000,000	+ 30,000,000
ASSETS		
Government Debt.	11,015,100	—
Other Government Securities	1,994,956,988	— 94,339,151
Other Securities	10,024,208,912	+ 124,339,151
	12,030,000,000	+ 30,000,000

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A$1.3bn bid launched for ACI International

BY LACHLAN DRUMMOND IN SYDNEY

EQUITICORP TASMAN, a merchant bank and investment company which did not exist six months ago, has launched a A$3.91 a share takeover offer for ACI International, valuing the glass and building products group at almost A$1.3bn (US$912m).

Mr David Brydon, ACI managing director, described the bid terms as totally inadequate, saying they undervalued the long-term worth of ACI. He said there were aspects of the bid proposal that were of "immediate concern."

Although Equiticorp's offer is pitched at all of ACI's shares, once it reaches 85m shares it will cease offering A$3.20 a share cash—or the share and cash alternative—and instead will offer ACI shareholders the option of taking six shares in Alpha Resources, a small investment associate of Equiticorp, or the return of ACI shares.

The structure of the offer appears designed to leave Equiticorp with a dominant 43 per cent shareholding in ACI and at the same time allow the company to side step Australian stock market rules on pro rata bids for outstanding capital.

The bid price yesterday was exceeded by 10 cents a share in the market. ACI shares have long been boosted by bid speculation.

Mr Allan Hawkins, chairman of Equiticorp, sees his group's bid as bringing the benefits of shareholder stability to ACI. He said there was no intention to break up ACI, but to use the group's asset base more aggressively.

Mr Hawkins this week became Equiticorp's biggest shareholder with a 60 per cent stake after a reconstruction of the links with the parent Equiticorp Holdings, a New Zealand company floated less than two years ago. Mr Hawkins controls 40 per cent of the NZ company.

The change by Mr Hawkins from corporate to personal ownership has removed foreign ownership questions for Equiticorp Tasman. Equiticorp has also gained the private Australian Pratt group as a 20 per cent shareholder as part of the reconstruction from its status as an 80 per cent subsidiary of Equiticorp Holdings.

The Pratt Group is committed to contributing a further A$65m and to place a further A$25m of shares in Equiticorp Tasman, which would then have some A$170m of shareholder cash and A$53m of convertible debt from which to launch its bid. It has a A$300m bank credit in place.

The cash and share alternative to the offer is A$1.70 in cash and one Equiticorp share which yesterday had a stock market value of A$1.60.

Vontobel considers public share offering

By John Wicks in Zurich

VONTOBEL HOLDING, the parent company of the Zurich-based Bank Vontobel, is considering issuing shares to the public. Formerly a private partnership, Vontobel became an incorporated bank at the start of 1984.

Mr Hans Vontobel, the chairman, indicated yesterday that any public issue would feature voting shares rather than participation certificates. However, he stressed that the holding company, in which the Vontobel family currently has a stake of some 90 per cent, would remain in family control.

The bank proposes to increase its dividend from 12 to 15 per cent in respect of last year, following a 50 per cent jump in net profits to SFr 14.3m ($7.8m).

Mr Hans-Dieter Vontobel, chief executive, yesterday linked the sharp rise in earnings to the bank's activities in the stock market. Commission income, some 70 per cent of which was accounted for by brokerage fees, grew by 60 per cent in 1985 to SFr 73.3m. Portfolio management contributed substantially to the rise in commission income, with the total of managed funds up by some 30 per cent.

Earnings from securities were also up by 60 per cent, at SFr 14.4m, those from foreign exchange and precious metals trading by 41 per cent to SFr 10.1m and net interest income by 17 per cent at SFr 7.4m.

The balance sheet, which grew from SFr 671.8m to SFr 880.6m, also reflects last year's stock market boom. This is indicated particularly in the expansion of interbank business, with assets due from banks higher by 57 per cent at SFr 379m and due-to-banks liabilities by 36 per cent to SFr 310.2m.

The new year, said Mr Hans-Dieter Vontobel, had got off to an exceptional start. Even if Stock Exchange volumes should return to their normal levels, the bank hoped to beat its own targets.

However, he said it was unlikely that the results of the past "super-year" could be repeated.

In future, Bank Vontobel would continue to concentrate on global portfolio management and brokerage. In respect of foreign activities, Vontobel USA, the New York-based affiliate, foresees "cautious further expansion," particularly in brokerage operations. The bank is considering a presence in the Far East, probably in Tokyo.

Hong Kong proposes tighter bank controls

BY DAVID DODWELL IN HONG KONG

HONG KONG'S long-awaited Banking Bill, which is intended to improve the regulation of local banks after a series of banking failures over the past three years, was published yesterday.

Detailed contents of the Bill have been widely signalled during the past year as the Government has sought public responses to the more radical reforms. It will be put before Hong Kong's legislative council later this month, and is expected to become law before Sir John Bremridge, the Financial Secretary, retires in June.

The call for major banking reforms came from the Bank of England early in 1984 after a study of the reasons for the collapse of the Hang Lung Bank. Failures since then of a number of deposit-taking companies, and of banks like the Overseas Trust Bank (OTB) have added urgency to the drafting process.

The supervisory powers of the Commissioner of Banking and his staff are to be reinforced, with a greater reliance on qualitative judgments about a bank's performance. Restrictions are to be introduced on the amount any bank can lend to a single borrower. Control of more than a 10 per cent stake in a bank will have to be notified to the banking commissioner and will require his approval.

Capital adequacy ratios are to be introduced, with banks and deposit-taking companies being given a two-year grace period to raise their capital to the required level. More meaningful liquidity ratios are also to be introduced.

Hang Seng Bank ahead

BY OUR HONG KONG CORRESPONDENT

HANG SENG BANK, the publicly-quoted subsidiary of the Hongkong and Shanghai Banking Corporation, yesterday revealed profits after tax and transfers to inner reserves of HK$931.9m (US$119.5m) for 1985. This is a 12.1 per cent improvement on 1984's profit of HK$831.6m.

A final dividend of HK$1.17 a share is proposed, making a total of HK$1.60 for the year. This amounts to a 12 per cent improvement on 1984.

A one-for-five scrip issue is also proposed.

The bank's performance — likely to surpass that of most Hong Kong banks — will give an important boost to the profits of the Hongkong Bank, which has a 62 per cent stake in Hang Seng. The Hongkong Bank is due to announce its 1985 results next Tuesday.

SEL unit to break even

STANDARD Elektrik Lorenz, a subsidiary of ITT of the US, expects its loss-making office technology division to break even in 1986 as a result of restructuring to begin next month, writes our Financial Staff. The division made a loss in 1985 on sales of DM 1.1bn ($491m).

The division is expected to raise turnover by 5 per cent this year and have a balanced result. SEL hopes the division will achieve high enough growth rates by 1987 to make an "acceptable" contribution to profits.

Starting in April, SEL will make management changes in the office technology division and introduce new equipment and special staff training. SEL planned to concentrate on a "systems approach" to office technology combining various forms of communications.

● Profits of Wella, the German hair care group, rose by 12 per cent to DM 76m ($33.9m) last year, according to provisional figures. Turnover grew 8.2 per cent to DM 1.76bn.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$320	40	32	—	—	—	—	$343.30
GOLD C	$340	44	17.50	11	26	—	—	"
GOLD C	$350	—	—	49	20	1	30	"
GOLD C	$360	1	7.50	20	16.50	5	22.50	"
GOLD C	$380	3	3	22	8.50	—	—	"
GOLD P	$300	15	0.60	—	—	—	—	"
GOLD P	$330	41	2.80	—	—	20	7.30	"
GOLD P	$330	265	5	22	9.50	—	—	"
GOLD P	$340	10	8	—	—	—	—	"
GOLD P	$360	20	12	30	17	—	—	"
		Mar.		**June**		**Sept.**		
$/FL C	FL245	30	8.40	—	—	—	—	FL252.40
$/FL C	FL250	—	—	26	8	20	9.20	"
$/FL C	FL255	121	2.10	5	5.30	—	—	"
$/FL C	FL260	99	0.70	22	4	110	5.60	"
$/FL C	FL265	—	—	5	2.40	107	3.70	"
$/FL C	FL270	—	—	30	1.80 A	—	—	"
$/FL C	FL275	—	—	—	—	12	2	"
$/FL P	FL240	—	—	—	—	22	5.80	"
$/FL P	FL245	170	1.40	22	5.50	7	8.20	"
$/FL P	FL250	64	2.60	37	8	202	10.50	"
$/FL P	FL255	8	5	43	10.50	—	—	"
$/FL P	FL265	4	13.80	5	16	15	20	"
$/FL P	FL270	2	17.50	27	21	—	—	"
$/FL P	FL285	10	32 B	—	—	—	—	"
$/FL P	FL295	1	43	—	—	10	44	"
$/DM C	DM225	—	—	—	—	300	6.90	DM225.20
$/DM P	DM.215	—	—	10	4.30	—	—	"
		Apr.		**July**		**Oct.**		
ABN C	Fl.620	291	6.90	9	17.50	15	32 B	Fl. 584
ABN P	Fl.560	183	7	15	16.10	5	24	"
AEGN C	Fl.115	190	2.10	—	—	5	6.30	Fl. 106.50
AEGN P	Fl.110	73	7.20	13	8.70	40	10.50 B	"
AH C	Fl.85	245	1	23	2.30	—	—	Fl. 73
AH P	Fl.75	75	4.10	20	6	2	8	"
AKZO C	Fl.170	746	4.90	418	8.40	35	12	Fl.156.70
AKZO P	Fl.160	242	2.80	147	7	41	8.70	"
AMEV C	Fl.80	141	4	2	5.40	16	8	Fl. 78.70
AMEV P	Fl.80	7	3.80	30	5.60	—	—	"
AMRO C	Fl.105	627	5.50 B	28	9.50	8	12.30	Fl. 107.30
AMRO P	Fl.110	150	8.20	7	8.50	—	—	"
GIST C	Fl.270	120	11 B	5	20	1	27.50	Fl.269
GIST P	Fl.240	42	1.10	—	—	—	—	"
HEIN C	Fl.230	127	7.50	25	11	8	16	Fl.230
HEIN P	Fl.230	118	6.50	10	10	—	—	"
HOOG C	Fl.90	527	4.50	125	6.80	34	8.50 B	Fl. 90.30
HOOG P	Fl.85	130	1.60	131	3.70	—	—	"
KLM C	Fl.10	347	1.40	101	3.30 A	58	5.40	Fl. 55.60
KLM P	Fl.50	18	5.30	4	6.50	53	7.80	"
NEDL C	Fl.210	41	1.10	—	—	—	—	Fl.178
NEDL P	Fl.170	21	3.50	22	11.50	10	14	"
NATN C	Fl.80	542	3.20	47	4.80	16	6.20	Fl. 77.90
NATN P	Fl.75	55	1.70	10	3.50	—	—	"
PHIL C	Fl.65	429	1.70	840	3.70	242	5.70	Fl. 65.10
PHIL P	Fl.60	130	0.70	105	3	28	3.70	"
RD C	Fl.180	474	2.10	417	5	54	7.10	Fl.168.50
RD P	Fl.170	370	5	75	11.50	4	14.70	"
ROBE C	Fl.90	50	0.70	50	1.80	1	3	Fl.87
UNIL C	Fl.400	117	6.30	44	11.00	5	22.50	Fl.367.60
UNIL P	Fl.340	11	1.90 B	85	7.50	—	—	"

TOTAL VOLUME IN CONTRACTS: 31,669.

A=Ask B=Bid C=Call P=Put

Nedbank cash call to bring in R345m

By Jim Jones in Johannesburg

NEDBANK, the troubled South African banking group, is to strengthen its capital base by means of a R345m ($173m) rights issue.

Shareholders are to be offered 60 deferred ordinary shares at 630 cents each for every 100 ordinary shares they own. Old Mutual, South Africa's largest insurance group which is Nedbank's major shareholder, is to underwrite the issue.

Nedbank's troubles emerged in February when Mr Rob Abrahamsen, chief executive, resigned suddenly. During Mr Abrahamsen's two years stewardship, Nedbank had aggressively developed its foreign business and raised about $1.6bn of short-term money which it had lent long-term in South Africa.

The bank ran into a severe liquidity crisis when foreign lenders demanded repayment of their funds. This was a factor inducing South Africa to declare a moratorium on foreign debt repayments last September.

In addition Nedbank has suffered an estimated R111m loss on gilt trading. It has also been obliged to take action to protect its R200m loan exposure to the troubled Triomf Fertilizer group and an estimated R80m exposure to the Lubowitz Foundation.

The bank says that it will provide R75m against its estimated gilts portfolio shortfall and has made a R84m provision for bad and doubtful debts.

It adds that the rights issue will lead to a R100m addition to bank capital and that this will adequately cater for the new capital adequacy requirements.

The directors say that the benefits of the rights issue will only be felt in 1987 and that in the meantime further dividend cuts can be expected.

At the end of its last financial year Nedbank disclosed shareholders' funds of R534m, total assets of R14.6bn and advances of R10.6bn.

Pirelli boosts aggregate 1985 net profit by 40%

BY ALAN FRIEDMAN IN MILAN

PIRELLI, Italy's leading tyre and cables group, yesterday announced a 1985 aggregate net profit of $101m for its group operating companies, an increase of nearly 40 per cent on 1984. The improved profit was struck on group sales which rose by only 4 per cent to $3.65bn.

Because of the complex financial structure of the Pirelli group — with operating companies in 16 countries owned 46 per cent by Pirelli Spa in Italy, 46 per cent by Societe Internationale Pirelli in Basle and 8 per cent by Pirelli Societe Generale, also in Switzerland — results are aggregated rather than consolidated. The net profit is expressed in US dollars and after inflation accounting.

Effective control of the Pirelli group is held by the Milan-based Pirelli and Company, a holding vehicle owned in part by the Pirelli family, 5 per cent by Mr Carlo de Benedetti, 11.1 per cent by Mediobanca and by other shareholders. Pirelli and Company is merging with Caboto Milano Centrale, an important finance and property company.

● Cofide, the ultimate holding company of Mr Carlo de Benedetti, has acquired 51.75 per cent of Latina, a small Italian insurance company. Cofide has bought the majority stake from the Rothschild Bank in Zurich.

Last year Latina had premiums of around L200bn and a net profit of L6.5bn ($4.3m). The insurer has 340 agencies in Italy and is especially active in Central and Northern Italy.

Group Five plunges into red and passes dividend

BY OUR JOHANNESBURG CORRESPONDENT

GROUP FIVE, one of South Africa's leading construction companies, suffered a reversal in 1985 due to a sharp fall in orders and heavier foreign exchange losses.

Turnover was R498m ($249m) against R518m. The previous year's A17.4m profit before tax and finance charges swung round into a R1.6m loss.

At the pre-tax level, losses of R13m compare with a surplus of R11.3m. The dividend is being passed, against 32 cents a share last time.

Mr John Hodgson, chairman, says that the continued deterioration of the construction market meant that less work was available and that margins narrowed. Construction profits were inadequate to cover losses made by the non-construction interests and the foreign exchange losses.

Group Five is controlled by Darling and Hodgson (D and H) which, in turn is controlled by Gencor, South Africa's second largest mining house.

D and H has a 42 per cent stake in Blue Circle, the South African cement manufacturer, and interests in coal mining and in various diverse industrial sectors.

Turnover dropped to R660m from R770m last year and the trading profit fell to R12.6m from R54.8m.

A pre-tax loss of R22.1m was incurred against a pre-tax profit of R25.3m. An ordinary dividend has not been declared, against 48 cents in 1984.

Financiere de Paribas shows 31% increase

By David Marsh in Paris

COMPAGNIE Financiere de Paribas, the state-owned French financial and industrial holding group, reports a 31 per cent rise in parent company net profits to FFr 226.9m ($32.9m) for 1985.

The group recently completed a FFr 3.6bn fund-raising exercise through an issue of non-voting preference shares, designed to pave the way for possible denationalisation later this year.

The company registered a 11.5 per cent increase last year in net income from current transactions, which totalled FFr 182.6m, against FFr 163.7m previously. Revenue from capital transactions, after allowing for provisions, rose to FFr 44.3m from FFr 9.1m.

The Paribas group's consolidated earnings for 1985 have already been provisionally estimated at more than FFr 2.1bn, up from FFr 1.72bn a year earlier. Definitive consolidated figures are expected in May.

● Credit Commercial de France, the state-owned bank, expects 1985 net profit to rise 20 per cent from the FFr 84.2m ($12.2m) of 1984.

Swire aircraft engineering unit lift earnings

By Our Hong Kong Correspondent

HONG KONG Aircraft Engineering Company (HAECO), the major aircraft overhaul and maintenance company controlled by Swire Pacific, reports profits after tax and minority interests of HK$115.5m (US$14.8m) for 1985, up 29.5 per cent. The improvement came on turnover up by almost 25 per cent to HK$847m.

Mr Michael Miles, chairman, forecast strong growth in business during 1986, partly because of a contract recently won to refurbish six Lockeed TriStars for United Airways of the US, following the purchase by United of the Pacific operation of Pan American Airways.

The board proposes a dividend total of HK$1.00, compared with 80 cents a share for 1984.

LADBROKE INDEX
1,302-1,306 (+12)
Based on FT Index
Tel: 01-427 4411

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
B.P. (*525)	500	48	60	70	7	16	22
	550	15	30	42	37	40	48
	600	4	11	22	75	77	78
Cons. Gold (*464)	460	27	45	60	18	25	32
	500	11	27	35	45	55	62
	550	3	12	—	90	—	[illegible]
Courtaulds (*254)	200	58	65	69	1¼	4	5
	220	38	44	48	3	5	8
	240	24	32	40	5	12	17
Com. Union (*297)	200	100	—	—	—	—	—
	220	80	87	90	1	2	4
	240	60	67	—	1	4	8
	260	42	48	52	1	8	14
	280	24	32	39	12	16	20
Cable & Wire (*595)	550	170	195	220	1	3	6
	600	120	145	165	2	7	12
	650	75	105	125	12	20	30
	700	40	67	93	32	47	60
Distillers (*631)	500	145	147	—	1	1½	3
	550	98	115	—	1¼	3	[illegible]
	600	48	55	57	6	10	12
	650	12	18	25	33	[illegible]	[illegible]
G.E.C. (*206)	180	52	60	68	2	3	4
	200	34	42	53	4	5	7
	220	7	16	25	18	24	[illegible]
Grand Met. (*411)	330	90	107	—	1	2	3
	360	60	80	90	1	2	9
	390	36	53	65	3	8	14
	420	16	27	37	27	33	[illegible]
I.C.I. (*985)	800	190	210	—	3	6	—
	850	140	162	170	5	9	14
	900	90	116	130	8	15	24
	950	50	77	96	20	32	47
Land Sec. (*318)	280	45	51	58	1¼	3	5
	300	27	36	42	2	7	8
	330	9	19	27	19	22	27
Marks & Sp. (*187)	140	50	—	—	—	—	—
	160	30	39	46	1	3	5
	180	15	22	32	3	6	8
	200	5	13	16	16	20	25
Shell Trans. (*693)	650	53	70	90	12	20	27
	700	23	40	60	43	45	47
	750	6	17	27	80	80	80
Trafalgar Hse (*316)	300	27	35	49	8	15	[illegible]
	330	14	21	30	20	26	36
	360	7	14	20	44	47	53

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Brit. Aero (*570)	460	123	138	153	2	6	14
	500	93	105	125	5	14	22
	550	65	80	95	18	33	38
	600	37	48	48	45	55	58
BAT Inds (*365)	280	95	113	—	1	2	—
	300	75	93	—	2	4	[illegible]
	330	48	68	79	3	10	18
	360	30	42	56	16	20	30
Barclays (*497)	430	67	90	—	7	18	—
	460	42	62	75	17	22	27
	500	17	40	52	35	40	47
Brit Telecom (*216)	180	43	48	53	1¼	3	5
	200	23	31	37	3	5	8
	220	9	21	27	12	15	18
Imperial Gr. (*322)	260	64	—	—	—	—	—
	280	44	45	—	1¼	3	[illegible]
	300	27	33	40	4	6	8
	330	11	16	24	17	21	21
LASMO (*126)	130	20	28	—	10	15	20
	140	13	22	30	20	23	28
	160	8	17	23	35	37	40
	180	4	10	15	45	45	[illegible]
Lonrho (*277)	200	80	88	—	—	1¼	[illegible]
	220	70	74	—	—	[illegible]	[illegible]
	240	40	56	64	[illegible]	[illegible]	[illegible]
	260	26	36	44	16	18	[illegible]

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
P. & O. (*520)	420	105	125	—	—	2	5
	460	65	85	100	5	10	15
	500	45	58	75	17	25	30
	550	15	30	42	48	50	[illegible]
Racal (*195)	160	46	56	—	2	3	[illegible]
	180	32	42	48	7	10	12
	200	18	28	38	14	20	22
	220	9	18	26	26	30	34
R.T.Z. (*617)	500	135	145	—	1	2	[illegible]
	550	87	100	112	6	12	[illegible]
	600	45	70	80	19	32	42
	650	17	35	48	45	55	62
Vaal Reefs (*$83)	60	28	31	—	¼	½	1
	70	18½	23	23	2¼	5	5¼
	80	9½	15¼	15½	5	9	9½
	90	4½	7½	9	12	13½	15
Tr 11½% 1991 (*£105)	102	3½	4¼	—	0½	0½	—
	104	2¼	3½	3¼	1	1¼	1½
	106	1	2¼	2¾	2	2½	[illegible]
Tr 11¾% 03/07 (*£116)	106	10½	11½	—	0¼	—	—
	108	8⅝	9½	—	0⅜	0⅝	—
	110	6⅞	7½	—	0⅝	1	—
	112	5¼	6¾	7½	0⅞	1¼	1⅝
	114	3⅝	4⅝	5¾	1½	2	2⅝
	116	2	3⅝	4½	2½	3¼	3½

Option		Calls Mar.	Calls June	Calls Sept.	Puts Mar.	Puts June	Puts Sept.
Beecham (*348)	300	55	65	73	1	7	8
	330	25	40	52	3	8	[illegible]
	360	10	30	37	20	20	27
	390	5	17	25	45	55	58
Boots (*236)	200	43	53	62	1	3	[illegible]
	220	20	33	42	2	7	[illegible]
	240	7	23	27	11	15	19
	260	1½	11	18	25	27	29
BTR (*445)	350	95	106	105	2	4	5
	390	66	80	85	4	5	[illegible]
	420	33	62	63	5	15	[illegible]
	460	10	33	42	26	35	[illegible]
Bass (*688)	600	95	120	135	2	3	5
	650	45	80	103	7	17	30
	700	13	40	60	27	43	[illegible]
Blue Circle (*598)	550	57	75	85	4	15	[illegible]
	600	20	40	50	17	30	40
De Beers (*$6.90)	500	155	175	190	3	11	15
	550	105	135	150	5	13	20
	600	70	100	125	15	30	[illegible]
	700	33	75	100	30	57	70
GKN (*298)	280	52	68	64	2	5	7
	300	35	42	50	4	9	12
	330	12	24	35	16	20	[illegible]
Glaxo (*987)	850	150	185	200	4	10	[illegible]
	900	95	135	155	15	27	[illegible]
	950	65	100	125	25	40	47
	1000	35	70	95	35	55	65
	1050	15	45	75	60	75	[illegible]
Hanson (*163)	150	16	24	30	3	[illegible]	[illegible]
	160	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jaguar (*448)	390	62	72	85	2	7	10
	420	38	50	62	5	12	[illegible]
	460	13	25	40	20	25	[illegible]
	500	5	13	23	55	62	[illegible]
Thorn EMI (*479)	390	90	105	120	2	4	[illegible]
	420	60	80	95	3	[illegible]	[illegible]
	460	23	47	62	12	20	[illegible]
Tesco (*358)	280	58	68	80	2	3	[illegible]
	300	38	48	63	3	5	[illegible]
	330	17	30	45	8	15	[illegible]
	360	6	15	22	27	40	48

Option		Calls Mar.	Calls Apr.	Calls May	Calls Jun.	Puts Mar.	Puts Apr.	Puts May	Puts Jun.
FT-SE Index (*1668)	1425	247	257	—	—	—	—	—	—
	1450	122	137	167	[illegible]	—	1	2	[illegible]
	1475	97	112	130	[illegible]	—	6	12	[illegible]
	1500	77	92	107	[illegible]	—	10	[illegible]	[illegible]
	1525	52	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1550	42	55	72	[illegible]	8	[illegible]	[illegible]	[illegible]
	1575	25	40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

March 7 Total contracts 26,623 Calls 20,911 Puts 5,912 *Underlying security price.

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Indecisive following rate cut

EARLY FIRMNESS gave way to indecisive trading on Wall Street yesterday, and the market ended with just a small gain, despite a lowering of the discount rate by the Federal Reserve to 7 per cent from 7½ per cent.

The Dow Jones Industrial Average finished 3.23 up at 1,699.83, reducing its loss on the week to 9.23, while the NYSE All Common index, at $130.38, rose 23 cents on the day but shed 36 cents on the week. Advances led declines by 859-to-768 in a volume of 163.23m (158.99m) shares.

Traders noted that the discount rate cut had been *rumoured for months and profit-taking was set off when it finally occurred.*

The cut in the rate prompted a wave of prime rate cuts by major banks to 9 per cent from 9½ per cent.

"If the cut hadn't happened, it might have surprised people and you might have seen some heavier selling," said Gerald Simmons of Smith Barney Harris Upham.

"*It was the most discounted* discount rate cut ever," said Newton Zinder of E. F. Hutton. "People have been talking about it since Thanksgiving."

Stocks which normally surge on news of lower rates did as they were supposed to do, for the most part. The financial index gained, and most banks rose. **J. P. Morgan** jumped $2⅞ to $74⅞ and **Chemical** $2 to $49½. **American International** rose $3¼ to $130⅞ and **Marsh and McLennan** $3 to $103⅞.

Home Builders and Supplies gained on the lower rates. Analyst Ann Powers of Drexel Burnham Lambert said investors are expecting still lower rates. **Washington Homes** put on $2⅝ to $25¼.

Merck led the drugs, rising $3¼ to $150⅞.

Oils again retreated, with confidence apparently shaken by **Amerada Hess's** decision to omit its quarterly payout. Analysts said *others may also do so.*

Atlantic Richfield fell $2⅝ to $49⅝, **Chevron** $1 to $35, **Mobil** $1⅞ to $26⅝, and **Unocal** $⅞ to $21⅞. **Midcon**, with whom Occidental will swap remaining shares in a merger, dropped $3 to $51⅞.

On futures markets, prices were under pressure most of the day, adding to the weakness in the Oil shares.

CBS climbed $3⅞ to $137.

American Stores slumped $7½ to $58⅝ on its *lower than* expected results.

Colt Industries recovered $3¼ to $74¼ after recent weakness. **Allegheny Intnl.** advanced $3½ to $20½ following a restructuring and dividend cut.

The American S.E. Market Value index was 1.19 higher at a record 260.05. Advances led declines 313 to 299. Volume 14.89m (15.52m shares.

CANADA

Stocks continued to forge ahead strongly, posting a second straight record high close.

The Toronto composite index added another 13.0 at 2,927.03 in heavy trading. The Oil and Gas index shed 9.0 to 2,711.1 and Golds eased 3.3 to 4,577.5.

Falconbridge rose $½ to $24½ as *shareholders* approved the previously announced acquisition of **Kidd Creek Mines.**

Power Corp shed $½ to $28½ on *slightly lower fourth quarter* earnings.

TOKYO

Prices surged ahead, buoyed by moves among Japan, West Germany and the US to cut their discount rates in concert.

The Nikkei stock average of 225 selected issues, which jumped 94.10 Thursday, shot up another 93.07 to 13,994.63, a further all-time high for the sixth consecutive session.

Brokers noted, the Nikkei stock average surged more than 1,000 in less than two months to a level just a step below the new psychological barrier of 14,000.

The broader-based SE index of All Issues leaped 13.60 to a record 1,127.78, topping the previous high of 1,114.18 also set Thursday. Trading was extremely heavy, with volume 700m (625m) shares.

The Bank of Japan's decision to cut its official discount rate by another 0.5 per cent to 4 per cent is expected to have reflationary effects on the Japanese economy hurt by the yen's appreciation against the dollar, brokers said.

GERMANY

Mixed in a thin and lacklustre pre-weekend session. Markets were starved of fresh trading factors.

Thursday's cut in the West German discount rate had been expected all week and had fuelled sharp rises in prices and turnover.

Banks and Steels were firmer, while Chemicals were mixed and Motors mostly lower.

The Commerzbank index of 60 leading shares, set at midsession, fell 21.2 to 1,991.2.

PARIS

Broadly higher across a broad front in active tradings. Advances outnumbered declines by 115 to 59.

Observers said the cut in the key lending rate of the Bank of France in line with interest rate reductions in other international centres had encouraged investors on the Bourse. Another bullish factor was the continued strength of Wall Street, they added.

Gains were widespread, although Oils closed mostly lower.

L'Oreal jumped 273 to Frs 3,318 and was the strongest gainer of the day. **Pernod-Ricard** advanced 76 to Frs 992 and **Hachette** rose to Frs 2,040.

Comptoir des Entrepreneurs fell Frs 207 on unconfirmed reports that it intends to trim its dividend by 25 per cent.

Luchaire fell on the news that the French Government has started legal action against the company for illegal arms sales to Iran.

Foreign issues were irregular, US and German stocks were mostly higher, but Gold Mines were generally weak.

HONG KONG

Prices higher led by the Banking sector ahead of the release of **Hang Seng Bank's** 1985 results.

The Hang Seng index finished 14.14 higher at 1,682.65.

Hang Seng, up $HK1 at 45.5, later reported a 12.1 per cent rise in profits, at the lower end of the 12 to 15 per cent range of expected by analysts. **Bank of East Asia** rose 30 cents to $HK20 and **HK Bank** 10 cents to $HK7.90.

China International Trust and Investment Corp's injection of $350m into the Ka Wah Bank here also helped sentiment towards Banking shares.

Trading was quiet in the morning as market participants assessed **HK Land's**, off 5 cents at HK$6.3, plan to sell 52m **Jardine Matheson** shares to **Jardine Securties.**

SINGAPORE

Generally lower on stoploss selling in quiet trading. Brokers said operators were largely sidelined due to lack of fresh factors and ahead of the Singapore budget.

The Straits Times Industrial index fell 6.82 to 612.20 and the SE All Share index 1.26 to 221.20.

Sentiment remained weak, with the stockbroking community's financial problems, fears over maturing forward contracts and political uncertainties in Malaysia continuing to overhang the market.

AUSTRALIA

Firmer in unsettled trading, with most sectors rising slightly despite mixed signals from abroad and falling world oil prices.

The All Ordinaries index was up 1.2 at 1,055.0, the All Industrials 1.6 at 1,669.2, the All Resources 1.1 at 588.3, the Gold index 1.0 at 915.8, Metals and Minerals 1.9 at 510.5, and Solid Fuels 5.9 at 432.6.

Turnover 62.5m shares worth A$94.9m, with rises outnumbering falls 249 to 230.

The highlight of a lacklustre day was Equiticorp Tasman, off 6 cents at A$1.60, takeover bid *for ACI, off* 5 cents at A$3.35—about 2.3m shares were crossed.

BHP reached a year's low of A$6.24 in early trading, following another fall in London's overnight, but support emerged and it closed 2 cents higher at A$6.34. About 1.2m shares traded.

Bell Resources, BHP's suitor, rose 15 cents to A$4.50, while its parent company, the **Bell Group**, improved 14 cents to $A6.26.

CANADA

AUSTRIA

GERMANY

NORWAY

AUSTRALIA (continued)

JAPAN (continued)

BELGIUM/LUXEMBOURG

SPAIN

DENMARK

SWEDEN

HONG KONG

ITALY

SWITZERLAND

FRANCE

JAPAN

NETHERLANDS

SINGAPORE

AUSTRALIA

SOUTH AFRICA

NEW YORK INDICES

CANADA

NEW YORK ACTIVE STOCKS

هكذا في الأصل

CURRENCIES and MONEY

FOREIGN EXCHANGES

Dollar and sterling easier

The dollar lost ground in currency markets yesterday with a number of conflicting factors influencing sentiment. The Japanese discount rate was cut early yesterday morning in line with expectations, putting further pressure on the US authorities to cut their discount rate. A half point cut to 7 per cent was announced during the afternoon but was met with a muted response.

Speculators were clearly unsure as to whether the dollar would move to next although a sharper than expected rise in US unemployment sufficed to see a lower dollar trend during the rest of the afternoon. It did recover from its lowest point however but with the onset of the weekend, the market appeared to accept a break in trading as an opportunity to digest the implications of recent events.

The dollar touched a low of DM 2.2225 before finishing at DM 2.2365 down from DM 2.2425 on Thursday. It was slightly firmer against the yen at Y179.45 from Y179.30 but slipped against the Swiss and French franc to SFr 1.8955 and FFr 6.8825 from SFr 1.8990 and FFr 6.90 respectively. On Bank of England figures, the dollar's exchange rate index fell to 117.3 from 118.0.

Sterling finished towards the best level of the day. Its exchange rate index touched 73.9 before closing at 73.7, up from an opening level of 73.2 and only 0.1 down from Thursday's close of 73.8. Early trading had been influenced by reports that the pound was over valued against its European partners but a denial from UK officials appeared to restore some confidence. The prospect of a reduction in UK clearing bank base rates may have influenced trading although there was some doubt as to whether the authorities would sanction a cut before the UK budget and a meeting of Opec ministers, both later this month.

The pound touched a low of $1.4370 against the dollar but recovered to close at $1.4540, just 40 points down from Thursday. It was weaker against the D-mark at DM 3.2525 from DM 3.27 and Y261.0 compared with Y261.5. Elsewhere it slipped to SFr 2.7550 from SFr 2.7675 and FFr 10.0075 compared with FFr 10.06.

£ IN NEW YORK

Close	Mar. 7	Prev. close
£ Spot	$1.4530-1.4540	$1.4400-1.4420
1 month	0.6.00.59pm	0.58-0.57pm
3 months	1.58-1.55pm	1.58-1.55pm
12 months	4.87-4.77pm	4.85-4.75pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Mar. 7	Previous
8.30 am	73.2	73.8
9.00 am	73.2	73.8
10.00 am	73.2	73.7
11.00 am	73.3	73.7
Noon	73.3	73.6
1.00 pm	73.4	73.6
2.00 pm	73.7	73.7
3.00 pm	73.9	73.8
4.00 pm	73.7	73.8

POUND SPOT—FORWARD AGAINST POUND

March 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4370-1.4545	1.4535-1.4545	0.61-0.58c pm	4.87	1.59-1.54 pm	4.31
Canada	2.0424-2.0513	2.0435-2.0485	0.02c pm-0.09dis	−0.21	0.27-0.12 pm	0.38
Nethlnd.	3.65¾-3.70	3.67⅞-3.68⅛	2⅛-1⅞c pm	5.73	6½-5¾ pm	6.38
Belgium	66.29-67.02	66.60-66.70	8c pm-3 dis	−0.27	34-21 pm	1.65
Denmark	11.95¾-12.08¾	11.98¾-11.99¾	5¾-4 ore pm	4.63	13¾-12¾ pm	4.34
Ireland	1.0695-1.0825	1.0790-1.0800	0.36-0.50p dis	−4.72	1.00-1.30dis	−4.26
W. Ger.	3.23½-3.26¾	3.24¾-3.25¾	2½-2pf pm	7.61	6¼-5⅞ pm	7.46
Portugal	212¼-216¼	214-215	200-570c dis	−21.54	480-1445dis	−18.04
Spain	204¼-206½	204½-206	25c pm-75 dis	−0.38	12-134 dis	−1.33
Italy	2202¾-2223¾	2208-2209	3-15 lire dis	−5.52	30-37 dis	−5.07
Norway	10.28¼-10.46¾	10.35¼-10.36¾	3-4 ore dis	−0.86	2½-3¼ dis	−1.16
France	9.98¼-10.08¼	10.04¾-10.01¾	1¾-3½c dis	−3.22	5¾-7½ dis	−2.28
Sweden	10.43¼-10.52¾	10.46-10.47	1¼-⅞ ore pm	1.29	3-2 pm	0.96
Japan	260-262¾	260¾-261¾	1.52-1.39y pm	6.67	4.21-4.04 pm	6.32
Austria	22.72-22.98	22.83-22.89	13½-12½ gro pm	6.66	33½-30½ pm	5.60
Switz.	2.74¾-2.76¾	2.75-2.76	2¼-1¾c pm	8.71	5⅞-5⅛ pm	8.17

Belgian rate is for convertible francs. Financial franc 67.20-67.30. Six-month forward dollar 2.85-2.80c pm. 12-month 4.85-4.70c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

March 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4370-1.4545	1.4535-1.4545	0.61-0.58c pm	4.87	1.59-1.54 pm	4.31
Ireland†	1.3455-1.3550	1.3495-1.3515	1.10-0.95c pm	9.12	3.00-2.60 pm	8.31
Canada	1.4060-1.4130	1.4060-1.4070	0.60-0.53c dis	−5.23	1.40-1.45dis	−4.04
Nethlnd.	2.5140-2.5300	2.5285-2.5295	0.45-0.43c pm	2.09	1.28-1.24 pm	1.99
Belgium	45.62-45.89	45.80-45.90	15-20c dis	−4.58	28-35 dis	−2.75
Denmark	8.22¾-8.29¾	8.24¾-8.25	⅛ ore pm-⅞ dis	−0.18	⅛ pm-¼ dis	—
W. Ger.	2.2225-2.2450	2.2360-2.2370	0.60-0.55pf pm	3.09	1.77-1.72 pm	3.12
Portugal	147½-149½	147½-148½	200-500c dis	−28.43	500-1200dis	−23.01
Spain	140.50-141.70	141.55-141.70	40-70c dis	−4.66	175-215 dis	−5.51
Italy	1513-1528	1518½-1519½	15-15½ lire dis	−12.10	39-40½ dis	−10.41
Norway	7.09-7.15	7.12¼-7.12¾	3¾-3½ ore dis	−5.98	9½-10½ dis	−5.63
France	6.85¼-6.90¼	6.88-6.88¼	4¼-4½c dis	−7.61	11-11½ dis	−5.60
Sweden	7.17-7.25	7.19¼-7.20	1¼-2¼ ore dis	−3.43	5¼-6¼ dis	−3.36
Japan	179.00-179.55	179.40-179.50	0.27-0.24y pm	1.70	0.81-0.87 pm	1.88
Austria	15.69¾-15.76	15.73-15.75	3-1 gro pm	1.52	6-3 pm	1.14
Switz.	1.8775-1.8990	1.8950-1.8960	0.67-0.62c pm	4.08	1.62-1.57 pm	4.01

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 46.20-46.30.

CURRENCY RATES

Mar. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.793648	0.662706
U.S. $	7	1.15071	0.965094
Canadian $	11.74	[illegible]	1.35779
Austria Sch.	4	18.0972	15.1442
Belgian Fr.	9¼	52.8933	44.1305
Danish Kr.	7	9.53939	7.96222
D'mark	3½	2.58228	2.15458
Guilder	4½	2.91308	2.43383
French Fr.	9½	N/A	6.62942
Lira	15½	1754.83	1466.13
Yen	4	206.610	172.246
Norway Kr.	8	8.19600	6.86159
Spanish Pta.	—	162.562	135.971
Swedish Kr.	10½	8.28686	6.93547
Swiss Fr.	4	2.18117	1.82259
Greek Dr'ch	20½	161.099	134.889
Irish Punt	—	N/A	0.712652

* CS SDR rate for March 6: 1.62469.

CURRENCY MOVEMENTS

Mar. 7	Bank of England Index	Morgan Guaranty Change %
Sterling	73.7	−18.5
U.S. dollar	117.3	+8.8
Canadian dollar	77.7	−15.1
Austrian schilling	129.9	+7.5
Belgian franc	94.6	−7.8
Danish Kroner	86.1	−0.9
Deutsche mark	133.3	+14.5
Swiss franc	155.4	+15.9
Guilder	124.4	+9.0
French franc	70.0	−9.9
Lira	49.7	−17.5
Yen	191.8	+31.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

OTHER CURRENCIES

Mar. 7	£	$
Arg'tina	1.1708-1.1755	0.8000-0.8010
Aus'alia	2.0725-2.0765	1.4235-1.4250
Brazil	20.15-20.21	13.77-13.84
Finland	7.4510-7.4630	5.0660-5.0980
Greece	200.23-204.30	138.30-141.00
H'kong	11.115-11.4340	7.8070-7.8090
Iran	114.65*	80.00*
Kuwait	0.4140-0.4150	0.28485-0.28495
Luxburg	66.60-66.70	45.80-45.90
Malaysia	3.5755-3.5955	2.5180-2.5170
N'Zland	2.7885-2.7965	1.9150-1.9210
Saudi Ar.	5.3415-5.3455	3.6505-3.6515
Sin'pore	3.1510-3.1625	2.1535-2.1585
S.Af.(Cm)	3.0065-3.0200	1.9880-1.9960
S.Af.(Fn)	4.0540-4.1800	2.7780-2.8570
U.A.E.	5.3550-5.3770	3.6720-3.6735

* Selling rate.

EURO-CURRENCY INTEREST RATES

Mar. 7	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	13-13¼	12¾-13	12¼-12¾	11⅞-12	11⅞-11⅞	11½-11⅝
U.S. Dollar	7⅝-7⅞	7⅝-7⅞	7⅝-7⅞	7⅝-7¾	7⅝-7¾	7⅝-7⅞
Can. Dollar	12¼-13¼	12¾-13¼	12⅞-13¼	11⅜-11⅞	10¾-10⅞	10¼-10½
D Guilder	5¾-5⅞	5¾-5⅝	5¾-5⅞	5⅝-5¾	5⅝-5¾	5⅝-5¾
Sw. Franc	2½-2¾	2⅞-3⅜	3⅞-4	3¾-3⅞	3⅝-3¾	3⅝-3¾
Deutschmark	4⅛-4⅜	4⅛-4⅜	4¼-4⅜	4¼-4⅜	4¼-4⅜	4⅜-4½
Fr. Franc	8¾-8¾	11-13	14½-15	13½-14	12½-12⅞	10½-11
Italian Lire	16⅞-17¼	17¼-19¼	18½-19¼	17¼-18	16½-16⅞	15-15½
B.Fr.(Fin)	10-10¼	9⅝-10½	9⅝-9⅞	9⅝-9⅞	8⅝-8⅞	8⅝-8⅞
B.Fr.(Con)	10-11	12-13	10½-11¼	10¼-10¼	9¾-10	8⅝-9
Yen	5¾-6¼	6-6⅛	5¾-6⅛	5⅜-5⅝	5⅜-5⅝	5⅜-5⅝
D. Krone	8¼-9¼	8-9	8¼-9¼	8½-9	8¾-9¼	8½-9
Asian $ (Sing)	7⅜-7¾	7⅝-7¾	7⅝-7¾	7⅝-7¾	7⅝-7¾	7⅝-7¾

Long-term Eurodollars: two years 7⅞-8⅛ per cent; three years 8-8⅜ per cent; four years 8⅛-8⅝ per cent; five years 8¼-8⅝ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

EXCHANGE CROSS RATES

Mar. 7	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.454	3.253	261.0	10.01	2.755	3.676	2209.	2.046	66.65
$	0.688	1.	2.237	179.5	6.883	1.895	2.528	1519.	1.407	45.84
DM	0.307	0.447	1.	80.25	3.077	0.847	1.131	679.0	0.629	20.49
YEN	3.831	5.571	12.46	1000.	38.34	10.56	14.09	8462.	7.839	255.4
F Fr.	0.999	1.453	3.250	260.8	10.	2.753	3.673	2207.	2.044	66.60
S Fr.	0.363	0.528	1.181	94.74	3.633	1.	1.335	801.6	0.743	24.19
H Fl.	0.272	0.396	0.884	70.97	2.721	0.749	1.	600.5	0.556	18.12
Lira	0.453	0.658	1.473	118.2	4.531	1.247	1.665	1000.	0.926	30.18
C $	0.489	0.711	1.590	127.6	4.891	1.347	1.797	1079.	1.	32.58
B Fr.	1.500	2.182	4.880	391.6	15.02	4.134	5.516	3314.	3.070	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

MONEY MARKETS

London rates ease

Interest rates were lower in London yesterday following a cut in Japanese and US discount rates. Three-month interbank money finished at 11$\frac{29}{32}$-12$\frac{1}{32}$ per cent down from 12$\frac{1}{16}$-12$\frac{3}{16}$ per cent and its lowest level for two months. However, the market remained cautious over the prospects of an early cut in UK clearing bank base rates ahead of the UK budget and an Opec meeting both due later this month. Weekend interbank money touched a high of 14½ per cent before slipping away to 5 per cent.

The Bank of England forecast a shortage of around £1,400m with factors affecting the market

UK clearing banks base lending rate 12½ per cent since January 9

including maturing assistance and a take up of Treasury bills together draining £889m and Exchequer transactions £220m. In addition there was a rise in the note circulation of £290m. These were partly offset by banks' balances brought forward £15m above target.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £592m and comprised sale and repurchase agreements unwinding on March 12 at 12$\frac{3}{16}$-12$\frac{5}{16}$ per cent. Further help was given in the morning of £339m, £180m through outright purchases of eligible bank bills; £177m in band 2 at 12$\frac{3}{16}$ per cent and £3m in band 3 at 12½ per cent. It also arranged further sale and repurchase agreements on £59m of bills at 12$\frac{3}{16}$ per cent, unwinding on March 25.

The forecast was revised to a shortage of around £1,300m before taking into account the early help and the Bank gave additional assistance of £440m through purchases of £7m of eligible bank bills in band 1 at 12⅛ per cent, £413m in band 2 at 12$\frac{1}{16}$ per cent and £20m in band 3 at 12½ per cent. Late assistance came to £60m, making a total of £1,331m.

The average rate of discount fell by 0.3145 per cent at yesterday's Treasury bill tender to 11.5336 per cent. The £100m of bills on offer attracted bids of £666m and all bills offered were allotted. The minimum accepted bid was £97.12, net as to about 23 per cent and above in full. Next week a further £100m will be offered, replacing a similar amount of maturities.

FT LONDON INTERBANK FIXING

(11.00 a.m. March 7)

Three months U.S. dollars		Six months U.S. dollars	
bid 7 7/16	offer 7 9/16	bid 7 7/16	offer 7 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Mar. 7	Ovr'night	One Month	Two Months	Three Months	Lombard Inr'vntion
Frankfurt	5.0-5.5	4.3-4.5	4.35-4.40	4.25-4.40	5.5
Paris	8¾	8¾	[illegible]	[illegible]	8¼
Zurich	1½	3¾-3¾	[illegible]	[illegible]	—
Amsterdam	5¾	5⅝-5¾	[illegible]	5¾-5⅞	—
Tokyo	5.84375	6.09375	—	5.90625	—
Milan	17½-18	17¼-17½	—	17¼-17¾	—
Brussels	9¼	9¼-9½	—	9¼-9½	—
Dublin	14-14¼	13-13¼	13½-13¾	13½-13¾	—

LONDON MONEY RATES

Mar. 7	Over night	7 days notice	One Month	Three Months	Six Months	One Year
Interbank	5-14¼	12½-13¼	12$\frac{1}{16}$-12⅛	11⅞-12$\frac{1}{32}$	11⅞-11$\frac{15}{16}$	11¼-11½
Sterling CDs	—	—	12-11⅞	11$\frac{13}{16}$-11¾	11⅞-11¾	11¼-11⅛
Local Authority Deps	12½-13¼	12¾-13¼	12¼	12	11¾	—
Local Authority Bonds	—	—	—	—	—	—
Discount Mkt. Depos	11-13¼	12¼-12½	12⅛-12	—	—	—
Company Depos	—	—	12¼	—	—	—
Finance House Depos	12-13¼	12¾-13	12¼	12	11⅞	11½
Treasury Bills (Buy)	—	—	12⅛	11⅝	—	—
Bank Bills (Buy)	—	—	12⅛	11$\frac{15}{16}$	11⅞	—
Fine Trade Bills (Buy)	—	—	12¼	12⅛	—	—
Dollar CDs	—	—	7.45-7.50	7.35-7.40	7.35-7.40	7.45-7.50
SDR Linked Depos	—	—	8¼-8⅛	7⅞-8⅛	8-8⅛	8¼-8⅜
ECU Depos	—	—	9⅛-10	9⅜-9⅝	9⅛-9⅜	8⅞-9⅛

Treasury Bills (sell): one-month 12⅛ per cent; three-months 11⅞ per cent. Bank Bills (sell): one-month 11⅞ per cent; three-months 11$\frac{25}{32}$ per cent. Treasury Bills: Average tender rate of discount 11.5336 per cent. ECGD Fixed Finance Scheme IV reference rate February 5 to March 4 (inclusive): 12.654 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rates 13 per cent from March 1 1986. Bank Deposit Rate for sums at seven days' notice 6¼ per cent. Certificates of Tax Deposits (Series 6); Deposit £100,000 and over held under one month 12½ per cent; one-three months 12 per cent; three-six months 11½ per cent; six-nine months 11¼ per cent; nine-12 months 11⅛ per cent. Under £100,000 11½ per cent from March 7. Deposits held under Series 5 11¾ per cent. Deposits withdrawn for cash 7 per cent.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

LME hopes dashed as tin rescue fails

BY RICHARD MOONEY

THE GENERAL atmosphere of gloom which has pervaded the London Metal Exchange since the tin crisis began nearly five months ago deepened on Thursday with the failure of negotiations between the 22-nation International Tin Council and its creditors on a rescue plan aimed at financing the orderly disposal of the ITC buffer stock.

With the rescue plan go hopes for a "soft landing" for the tin market—suspended on October 14 after the ITC announced it had run out of money for its price support operation. As a result many LME traders face heavy losses, and some could be forced into bankruptcy.

In these circumstances there is an understandable reluctance for LME brokers to trade with each other in the exchange's other metals markets, and this has been reflected in a slackening in trading activity.

Apart from zinc all the LME base meals finished down on the week. And traders' reluctance to hold metal was reflected in a general widening of cash discounts against three months metal.

The London cocoa futures market also continued under pressure following the failure of talks in Geneva aimed at negotiating a new International Cocoa Agreement with economic (price stabilisation) provisions. The failure became virtually inevitable last week when the Ivory Coast — the world's biggest cocoa producer, which is not a member of the current agreement—announced that it did not intend to join a new pact. But the break-up of the meeting this Tuesday still had a depressing effect on market sentiment.

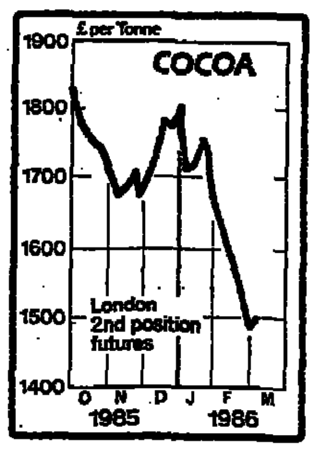
With further downward pressure being provided by reports of fresh producer selling of new crop cocoa prices on the London futures market dipped to the lowest levels for 28 months. Despite firming somewhat yesterday afternoon the May position still ended the week £45 lower at £1,500.50 a tonne—down just over £300 on the year so far.

The coffee market remained within its recent range this week, though prices still see-sawed quite widely. A sharp fall on Monday was nearly all recovered on Tuesday but another substantial decline yesterday left the May quotation £80.50 down on balance at £2,555.50 a tonne. Traders said yesterday's fall reflected the tone in New York and the general nervousness of the market, which tended to discourage the carrying of long positions over the week-end.

On Thursday the Brazilian Coffee Institute announced details of arrangements for re-cutting back this year's coffee exports in response to the damage done by last year's drought. News that the cut of 3m bags (60 kilos each) will be concentrated on top grade supplies helped to boost the market initially but prices quickly fell back.

The Institute's export director, Mr Renato Celidonio, said the export policy will be reconsidered if Brazil moves into July without frost damage hitting its coffee belt.

The strongest market this week was sugar, with signs of improved consumer demand lifting the world price to the highest level since October 1983. The London daily raw sugar price climbed to $166.50 a tonne at one point before ending the week $17 higher at $163 a tonne.



The market was given pause for thought on Thursday by the publication of a bearish market report by F. O. Licht, the West German sugar statistics agency. This helped to trim a dollar or two off nearby future positions, but the falls were mostly recovered yesterday.

The Licht report said expectations that low world sugar prices in recent seasons would result in a cut in European beet plantings this year are likely to be disappointed. In what it described as its "first crude approximation" of 1986-87 prospects Licht put total European plantings at 7.42m hectares, up from 7.29m in 1985-86. It projected the EEC figure at 1.87m hectares, down from 1.89m — a smaller fall than many analysts have been expecting — while in the rest of Western Europe 2.56m hectares are forecast to be planted, up from 2.51m. The main rise, however, was seen in Eastern Europe, which it said was "largely unresponsive to changes in world prices." Licht put the total for that area at 4.86m hectares, up from 4.78m in 1985-86.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985/86 High	1985/86 Low
METALS					
Aluminium	$1040/1060	+5	$1145/1165	$1240/1260	$975/995
Free Market 99.5%	$2650/2750		$2650/2750	$3375/3150	$2550/2650
Antimony	£981.5	−6.5	£1299.5	£1339	£914
Copper-Cash High Grade	£1003.75	−5.75	£1305.75	£1331.75	£934.75
3 months Do. Do.	$342.75	+5.75	$391.35	$362	$284.7
Gold per oz	£250.5	−7.0	£326.5	£391.5	£249.75
Lead Cash	£260.5	−2.0	£334.88	£353.5	£259.75
3 months					
Nickel market c.i.f. 16	187/207c	−18	225/265c	252/282c	175/195c
Free	$107.00	+6.0	$111.75	$129.65	$92.25
Palladium	$404.35	+7.5	$351.50	$433.50	$344.35
Platinum per oz					
Quicksilver (76 lbs)	$230/235	−7.5	$290/300	$300/310	$210/230
Silver per oz	386.9p	+0.80	554.35p	576.90p	381.75p
3 months per oz	397.65p		551.75p	594.40p	392.50p
Tin cash			£10,212.5	£10,12.5	£9302.5
3 months			£10,212.5	£10,182.5	£9432.5
Tungsten Ind.	$66.32		$76.56	$83.88	$63.71
Wolfram (22.04 lb)	$55/68		$75/78	$75/78	$53/61
Zinc cash	£422.5	+4.0	£642.5	£657.5	£372.5
3 months	£429.5	+6.25	£621.5	£625	£383.25
Producers	$650/670		$900/940	$960	$650/670
GRAINS					
Barley Futures	£116.15	−0.10	£116.75	£118.80	£96.00
Maize French	£143.5z		£149.00	£152.80	£129.50
WHEAT Futures	£118.45	−0.25	£118.15	£124.95	£96.80
SPICES					
Cloves	$4,725	+25	$4,000	$4,950	$3,200
Pepper white	$6,500	+50	$4,350	$6,700	$3,200
black	$4,350	−25	$2,500	$4,900	$2,050
OILS					
Coconut (Philippines)	$275x	−20	$840	$950	$257
Palm Malayan	$230v	−3	$600	$700	$230
SEEDS					
Copra (Philippines)	$180x		$545	$575	$180
Soyabeans (U.S.)	$226.0z	+3.0	$243	$258.4	$220
OTHER COMMODITIES					
Cocoa Futures May	£1500.5	−45.0	£2091.5	£2,266.5	£1,486
Coffee Futures May	£2555.5	−82.5	£2,425.5	£3,007.5	£1487.5
Cotton Index	53.40	−0.45	71.65c	71.85c	51.10c
Gas Oil Fut. April	$154		£176	£1,250	£610
Jute UA BWD grade	$145.75	−5.25	$278.25	$278.25	$143.75
Rubber kilo	$350	−10	$640	$660	$350
Sisal No.3	61.5p	−1.5	70p	70p	55p
Sisal No. 3	$595		$840	$850	$595
Sugar (Raw)	$590		$610	$610	$590
Tea (quality) kilo	$163	+17	$114	$164.5	$92
(low med) kilo	230p		240p	350p	150p
Woolfops 64s Super	114p		198p	255p	90p
	416p kilo		507p kilo	526p kilo	390p kilo

† Unquoted. (g) Madagascar. (w) February-March. (x) March-April. (z) March. (v) April. (y) April-May.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	784-6	−2.5	789/779
3 months	813-4	−3	816/807

Official closing (am): Cash 779-80 (790.5-1): three months 810.5-1.5 (817-8): settlement 780 (791). Final Kerb close: 813-4. Turnover: 16,850 tonnes.

COPPER

Higher grade	Unofficial close	+ or −	High/low
Cash	981-2	−7.25	985/980
3 months	1003.5-4	−5.75	1007.5/1000

Official closing (am): Cash 981-5 (981-5); three months 1000.5-1 (1000.5-1); settlement 981.5 (981.5). Final Kerb close: 1007.5-8.

Cathodes			
Cash	971-3	−11	—
3 months	995-1000	−3	—

Official closing (am): Cash 977-81 (977-81): three months 997-1000 (1000-2); settlement 981 (978). Turnover: 36,560 tonnes. US Producer prices 67.50-71 cents per pound.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	250-1	−1.25	251
3 months	265-.5	−.25	261/250

Official closing (am): Cash 251-.5 (252-.5); three months 260.5-1 (260.5-1); settlement 251.5 (252.5). Final Kerb close: 259-60. Turnover: 7,675 tonnes. US Spot: 18-20 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	2810-20	−30	2835/2840
3 months	2855-60	−30	2340/2870

Official closing (am): Cash 2835-40 (2860-70); three months 2865-7 (2840-5); settlement 2840 (2870). Final Kerb close: 2865-90. Turnover: 2,040 tonnes.

TIN

Kuala Lumpur Tin Market—Close 20.25 ringgit per kg, down 28 per ringgit.

ZINC

High grade	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	427-8	−8	428.5
3 months	442-3	−5.25	445/441

Official closing (am): Cash 428.5-9 (435-6): three months 442.5-3 (447.5-8); settlement 429 (436). Final Kerb close: 442-3. Turnover: 6,625 tonnes. US Prime Western: 30.50-35.75 cents per pound.

GOLD

Gold fell $¾ an ounce from Thursday's close in the London bullion market yesterday to finish at $342¼-$343. The metal opened at $343¾-$343¾ and traded between a high of $344-$344½ and a low of $341½-$342. Gold declined after a brief rise on news of a cut in the US discount rate but with the dollar holding steady and a lack of follow through buying so the metal retreated from the day's highs.

GOLD BULLION (fine ounce) Mar. 7

Close	$342¼-343	(£234¼-235)
Opening	$343¾-343¾	(£237-237½)
M'n'g fix	$342.00	(£235.911)
Aft'n'n fix	$344.25	(£234.769)

GOLD AND PLATINUM COINS

Kr'g'rnd	$346-348½	(£238¼-239¼)
½ Krug.	$181-183	(£124¼-124¼)
¼ Krug.	$92-93	(£63-63¾)
1/10 Krug.	$37¾-38¼	(£26-26¼)
Mapleleaf	$354-354¾	(£243¼-243¾)
Angel	$351½-355½	(£242¼-244¾)
1/10 Angel	$34¼-36¼	(£23½-25)
New Sov.	$80¼-83¼	(£55¼-57)
½ New Sov.	$49-49½	(£33¼-34)
Old Sov.	$88-89½	(£60½-61½)
$20 Eagle	$440-460	(£302-323¼)
Noble Plat	$417¾-422¼	(£286¼-289¼)

SILVER

Silver was fixed 2.65p an ounce higher for spot delivery in the London bullion market yesterday at 386.9p. US cent equivalents of the fixing levels were: spot 560.7c, up 2.2c; three-month 570.4c, up 1.85c; six-month 580.8c, up 1.85c; and 12-month 600.7c, up 1.3c. The metal opened at 386-388p (560-562c) and closed at 383¾-384¾p (560-562c).

SILVER per troy	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	386.90p	+2.65	378.25p	−1.25
3 months	397.65p	+2.65	391.25p	−0.75
6 months	408.45p	+2.65	—	—
12 months	428.60p	+2.45	—	—

LME—Turnover: 45 (20) lots of 10,000 oz.

Three month high/low 391.5p, final kerb 391-3p.

INDICES

FINANCIAL TIMES

Mar. 7	Mar. 6	M'th ago	Year ago
—	—	—	299.26

(Base: July 1 1952=100)

REUTERS

Mar. 7	Mar. 6	M'th ago	Year ago
1825.1	1825.6	1854.0	2041.1

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Mar. 6	Mar. 5	Month ago	Year ago
Spot	126.71	128.34	—	117.01
Fut.	135.58	132.68	—	120.44

(Base: December 31 1931=100)
* Not available due to suspension of tin LME

POTATOES

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Apr.	102.90	101.40	105.20-101.5
May	110.70	110.20	112.00-109.5
Nov.	78.50	79.00	79.00
Feb.	86.00	86.00	—
Apr.	101.00	100.50	—

Sales: 202 (1,678) lots of 40 tonnes. Earlies—July 91.50, −1.0; Aug 72.50, −2.5; Sept 65.00, −5.0. Sales: 34 (40) lots of 10 tonnes.

SOYABEAN MEAL

	Yesterday's close	+ or −	Business Done
	£ per tonne		
April	138.5-139.4	+1.45	139.4
June	136.7-137.0	+1.35	135.9-135.2
August	136.7-131.0	+1.10	152
October	131.6-132.0	+0.90	132
Dec.	133.6-135.0	+0.80	—
Feb.	136.0-139.0	+0.80	—
April	134.0-138.0	—	—

Sales: 247 (170) lots of 20 tonnes.

MEAT

PIGMEAT Month	Y'day close	+ or −	BEEF Y'day close	+ or −
	p. per kilo (deadweight)			
April	104.50	+0.30	193.50	−1.00
June	104.00	+0.50	190.00	−1.00
July	103.00	−1.00	186.50	−5.50
Aug.	103.00	+1.00	185.00	−2.00
Sep.	103.00	+0.50	183.50	−1.00
Oct.	106.70	+0.80	182.50	−0.50

Pigmeat sales: 40 (38) lots of 50 carcases, 3,250 kg.
Beef sales: 8 (5) lots of 20 sides.

SUGAR

LONDON DAILY PRICE—Raw sugar $163.0 (£112.0), down $1.50 (down £1.00) a tonne for March/April delivery. White sugar $188.5, up 50c.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne F.O.B.		
May	152.8-153.0	151.4-151.8	153.8-150.4
Aug.	158.8-159.0	157.0-157.4	158.8-156.4
Oct.	162.4-162.8	161.8-161.6	162.8-159.8
Dec.	169.6-170.0	168.6-169.0	169.4-167.6
Mar.	175.6-176.0	174.6-175.0	176.0-171.8
May	177.8-178.0	177.0-178.0	—

Sales: 1,785 (880) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £216.5 (£216.0) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for March 6: Daily price 6.36 (6.39); 15-day average 5.83 (5.78).

No 6 cif contract—May 172.0-172.8; Aug. 179.0-180.0; Oct. 182.0-183.2. Sales: 501 (—) lots of 50 tonnes.

PARIS—(FFr per tonne): May 1325-1330; Aug. 1362-1366; Oct. 1400-1405; Dec. 1430-1435; March 1480-1486; May 1530-1438.

COCOA

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
March	1514-1516	+9.5	1515-1504
May	1500-1501	+8.0	1505-1487
July	1532-1534	+2.5	1535-1519
Sept	1563-1565	+0.5	1565-1548
Dec	1591-1592	+7.0	1594-1577
March	1623-1625	+8.5	1625-1611
May	1643-1648	+10.0	1655

Sales: 3098 (5271) lots of 10 tonnes. ICCO indicator prices (US cents per pound). Daily price for March 5: 95.23 (95.25); five-day average for March 6: 96.88 (96.12).

RUBBER

PHYSICALS — The London market opened lower with very little buying throughout the day and closed quiet but easier, reports Lewis and Peat. Closing prices (buyers): Spot

PRECIOUS METALS

PRECIOUS METALS firmed briefly in response to news that the federal reserve had cut the discount rate but as the cut had been anticipated, the dollar firmed and metals prices fell back, reports Heinold Commodities. The continuing crisis in the international tin market also had a negative influence on metals. Copper was also pressured by the collapse of the rescue package for the I.T.C. and was unable to maintain gains made in reaction to the discount rate cut. Financial futures fluctuated in a wide range, initially firming in response to the sharp rise in US unemployment figures. However, following the expected discount rate cut the markets sold off on profit taking, only to rally again later in the session. Currencies were mixed, with the British pound firm following concern about tightness in Japan, West Germany, and the US. Oil prices started on a firm note in continuing concern about tightness in nearby supplies but as concerns faded, the markets again forecasted on bearish prospects for the upcoming OPEC meeting. Soybean complex, farm level prices approached loan redemption values in selected midwest areas, and as a result farmers became willing sellers. Basis levels began to deteriorate during the past two days as movement increased. The soybean crush figure was also higher than anticipated by traders, which encouraged profit taking in soybeans and soybean meal.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
March	56.45	56.70	56.70	56.00
April	56.75			56.00
May	56.95	57.45	56.30	56.65
July	57.25	57.75	56.95	57.10
Sept	57.65	58.35	58.35	57.55
Dec	58.30			58.30
Jan	58.60			58.00
March	59.05			59.00
May	59.55			59.55
July	60.05			60.10

COCOA 10 tonnes; $/tonnes

	Close	High	Low	Prev
March	1950	1935	1929	1923
May	1986	1994	1965	1975
July	2031	2032	2033	2009
Sept	2060	2065	2036	2043
Dec	2086	2107	2088	2080
March	2128	2123	2123	2105

COFFEE "C" 37,500 lbs, cents/lb

	Close	High	Low	Prev
March	248.35	248.50	246.00	251.00
May	250.50	252.00	249.75	254.45
July	254.10	255.70	252.92	256.92
Sept	257.00	258.50	256.15	260.00
Dec	258.50	280.00	258.00	261.47
March	260.00			261.50
May	260.50			261.75
July	259.75			263.75

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
March	65.00	65.50	64.85	65.10
April	65.25			65.40
May	65.70	66.35	65.35	65.85
July	66.25	66.90	65.90	66.35
Sept	66.45	67.25	66.15	66.75
Dec	66.90	67.55	66.80	67.00
Jan	67.05	67.55	67.15	67.25
March	67.35	67.35	67.50	67.60
May	67.80			67.95
July	68.00	68.30	68.30	68.30

COTTON 50,000 lbs; cents/lbs

	Close	High	Low	Prev
March	44.40	44.60	44.00	45.37
May	62.22	62.90	62.21	62.70
July	63.01	63.80	62.80	63.45
Oct	43.50	43.90	43.15	44.26
Dec	43.45	43.60	43.06	43.65
March	45.60	45.75	45.60	46.70
May	46.00	46.00	46.00	46.55

CRUDE OIL (LIGHT) 42,000 US gallons, cents/US barrel

	Close	High	Low	Prev
April	12.38	13.40	12.10	12.15
May	12.74	12.95	11.95	11.85
June	12.85	13.00	12.45	12.50
July	12.60	12.70	12.53	12.60
Aug	12.95	13.02	12.65	12.60
Sept	13.15	13.30	12.95	12.90
Oct	13.40	14.10	13.50	14.11
Nov	13.60	14.05	13.50	13.60
Dec	13.90	14.20	13.95	14.00
Jan	14.15	14.40	13.90	14.25
	14.40	14.50	14.00	14.64

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
March	344.3			344.8
April	345.7	346.5	343.0	344.1
May	347.7			346.1
June	349.5	350.0	347.0	348.1
August	353.5	354.1	351.5	352.1
Oct	357.0			355.9
Dec	361.0	361.0	359.5	360.3
Feb	365.2			364.4
April	369.7			368.7
June	372.7	371.6	371.6	372.6
Aug	379.1			378.5
Oct	381.3			381.0
Dec	385.9			384.8

HEATING OIL 42,000 US gallons, cents/US gallons

	Close	High	Low	Prev
April	45.00	45.50	44.50	44.00
May	43.80	43.80	42.00	42.75
June	37.50	38.00	37.35	38.00
July	37.80	40.50	37.35	39.75
Aug	38.60	39.00	38.30	39.00
Sept	40.30	40.75	40.00	40.50
Oct	41.25	41.50	41.00	41.40
Nov	42.00	42.60	41.95	42.30
Dec	42.30	44.00	42.00	43.05

ORANGE JUICE 15,000 lbs, cents/lbs

	Close	High	Low	Prev
March	85.25	86.00	84.90	86.10
May	84.80	85.30	84.30	85.10
July	84.70	85.30	84.60	85.10
Sept	83.75	84.90	84.00	84.55
Nov	84.75	85.25	84.75	85.10
Jan	85.75	86.70	86.00	86.55
March	86.20	86.70	86.40	86.50
May	86.90	87.40	87.00	87.40
July	87.20			87.70

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
March	405.5			402.4
April	407.5	409.0	400.5	405.4
July	410.0	411.5	404.0	407.9
Oct	411.2	412.0	405.0	408.5
Jan	412.3			409.7
April	413.7			411.1

SILVER 5,000 troy oz; cents/troy oz

	Close	High	Low	Prev
March	560.7	564.0	553.0	559.0
April	563.3			562.8
May	567.0	570.0	563.0	566.5
July	574.2	577.5	571.0	573.8
Sept	581.5	582.0	578.0	581.3
Dec	592.2	594.0	586.0	592.3
Jan	596.2			596.2
March	603.3	603.0	602.0	603.7
May	610.8	612.0	609.0	611.4
July	618.4	622.0	619.00	619.2

SUGAR WORLD "11" 112,000lb, cents/lb

	Close	High	Low	Prev
May	6.73	6.85	6.73	6.80
July	7.02	7.10	6.98	7.04
Sept	7.13	7.20	7.12	7.15
Oct	7.27	7.27	7.21	7.23
Jan	7.41	7.39	7.38	7.37
March	7.77	7.83	7.74	7.76
May	7.95	7.95	7.90	7.93
July	8.06	8.10	8.09	8.09

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lbs

	Close	High	Low	Prev
April	59.45	60.47	59.37	60.40
June	58.90	59.62	58.70	59.47
Aug	57.25	57.85	57.20	57.47
Oct	56.25	56.80	56.10	56.50
Dec	58.50	58.50	58.05	58.35
Feb	58.50	58.50	58.60	58.77

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
April	38.57	39.05	39.30	38.55
June	42.57	42.90	42.90	42.37
July	43.80	44.20	42.45	43.80
Aug	42.35	42.55	42.15	42.52
Oct	39.15	39.40	38.07	39.15
Dec	40.77	40.95	40.70	40.72
Feb	40.57	40.95	40.50	40.57
April	37.52	37.75	37.45	37.95
June	40.25	40.25	40.17	40.30

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
March	230.2	232.0	229.2	229.4
May	229.4	231.2	228.6	229.4
July	228.2	229.6	227.6	228.0
Sept	211.2	212.0	210.4	211.4
Dec	208.6	208.0	205.0	207.2
March	216.0	216.4	216.2	215.6
May	217.6	220.0	217.6	218.0

PORK BELLIES 38,000 lbs, cents/lbs

	Close	High	Low	Prev
March	54.75	56.17	54.42	55.80
May	56.30	57.75	56.02	57.52
July	57.30	58.85	57.10	57.80
Aug	55.90	56.75	55.70	56.12
Feb	59.30	59.30	59.50	60.25

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
March	537.4	536.0	531.2	538.2
May	533.4	536.0	533.0	538.2
July	528.5	533.0	526.4	532.2
Aug	526.0	541.0	535.4	538.4
Sept	519.4	573.0	519.2	522.0
Nov	516.0	518.0	514.2	517.4
Jan	524.0	525.2	524.4	525.4
March	535.2	538.0	534.0	538.0
May	543.4	545.0	540.0	544.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	160.5	151.7	160.2	152.7
May	160.8	153.4	160.9	152.9
July	150.8	153.9	150.5	152.9
Aug	150.0	153.8	150.0	152.8
Sept	150.7	152.5	150.7	152.3
Oct	151.3	152.5	151.0	152.3
Dec	152.3	154.0	152.2	153.4
Jan	153.0	155.0	153.0	154.5
March	156.2	157.8	156.2	157.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
March	16.90	16.95	16.75	17.04
May	17.07	17.27	17.07	17.28
July	17.45	17.60	17.42	17.71
Aug	17.55	17.75	17.55	17.80
Sept	17.70	17.75	17.70	17.85
Oct	17.85	17.95	17.80	17.97
Dec	18.15	18.25	18.10	18.30
Jan	18.27	18.45	18.27	18.35
March	18.75	18.84	18.70	18.75
May	18.70			19.05

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
March	344.0	350.5	344.4	344.4
May	301.4	304.0	297.4	297.4
July	256.2	257.2	251.4	252.4
Sept	257.0	259.0	254.4	254.4
Dec	264.4	270.0	265.4	267.2
March	272.0	272.0	270.4	272.0

SPOT PRICES—Chicago loose lard 13.00 (same) cents per pound. Handy and Harman silver bullion 560.0 (559.0) cents per troy ounce.

61.50p (60.50p); April 60.60p (61.00p); May 61.00p (61.50p). The Kuala Lumpur April fob prices (Malaysia/Singapore cents per kg): RSS No 1 was 200.00 (202.0) and for SMR 20 199.0 (201.5).

OIL

The 15-day Brent market was more active at slightly lower price levels. NYMEX WTI opened 29c up for April but traded 76c down at 1.15 EST. In the petroleum products market gas oil firmed on prompt short covering. Fuel oil demand continued slow on short covering, with UK and continental buyers reported to be building up stocks prior to the Budget. Other products stable—Petroleum Argus London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	—	—
Arab Heavy	—	—
Dubai	11.00-11.50	−0.40
Brent Blend	14.50-15.00	N/A
W.T.I. (1 pm est)	12.40-12.50	−0.55
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	155-160	
Gas Oil	184-188	+8.5
Heavy fuel oil	92-95	+2.5
Naphtha	117-119	

* April Petroleum Argus estimates

Turnover: nil (all) lots of 1,000 barrels.

GAS OIL FUTURES

Month	Yesterday's close	+ or −	Business Done
	$ US per tonne		
Mar.	152.00	+9.00	154.00-78.25
April	143.75	+1.25	151.50-41.50
May	130.00	−5.25	140.00-30.00
June	126.00	−5.00	138.50-26.00
July	125.00	−4.50	131.25-25.50
Aug	127.00	−4.50	138.00-27.00
Sep	129.75	−5.25	135.00-29.75

Turnover: 5,371 (4,102) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index. $ a barrel (Close, change, business done): Index 12.58 +0.22; April 12.50-13.80; May 12.30-13.20; June 12.00-13.30; July 12.00-13.40; Aug 12.20-13.80; Sept 12.50-14.00.

COFFEE

COFFEE	Yesterday's Close	+ or −	Business Done
March	2495-98	−80.5	2600-2475
May	2555-56	−80.5	2630-2535
July	2594-95	−70.0	2565-2570
Sept	2675-80	−76.0	2735-2665
Nov	2720-25	−70.0	2760-2725
Jan	2745-60	−77.0	2800-2765
March	2760-75	−85.0	2805-2780

Sales: 3905 (5535) lots of 5 tonnes. ICO indicator prices (US cents per pound) for March 5: Comp. daily 1979 210.11 (207.76); 15-day average 202.27 (201.30).

GRAINS

Business done—Wheat: March 115.90 only, May 118.80-8.45, July 119.50-9.35, Sept 99.65-9.40, Nov 102.70-2.60, Jan 105.95-5.75. Sales: 205 lots of 100 tonnes. Barley: March 113.50 only, May 116.15 only, Nov 97.85 only, Jan 101.40 only, Jan 105.00-4.95. Sales: 37 lots of 100 tonnes.

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterday's close	+ or −
Mar.	115.90	−0.10	113.50	−0.05
May	118.45	−0.25	116.15	−0.15
July	119.40	−0.15		
Sept	99.50	−0.15	97.85	
Nov	102.45	−0.15	101.40	−0.25
Jan	106.20	−0.25	104.95	−0.05

LONDON GRAINS—Wheat: US dark northern spring No. 1 15 per cent, May 123.20, Sept 108.25, transhipment east coast. US No. 2 soft red winter June 95.50, July 95.75, Aug 96.50, Sept 97.50. EC first half March 143. English Feed fob customs cleared 120.00-121.00, March 118.00-118.25. April 119.50-120.00, Apr/June 120.75-121.50, Sept 101.50-102.00, Oct 103.25-104.00, Oct/Dec 106.00-106.50 buyer/sellers, Jan 108.00, Jan/March 112.50 sellers east coast. Maize: US No. 3 yellow/French transhipment east coast first half March 143.50 sellers. Barley: English feed fob March 118, sellers April 119.00-119.75, Aug 98.0-99.00 buyer/sellers, Sept 100.50 buyer, Oct/Dec 104.00, Jan/March 109.50 buyer. Rest unquoted.

FREIGHT FUTURES

A combination of short covering and fresh buying saw the days highs reached this afternoon despite an unconvincing volume. Slight improvement in the physical market has been noted but as yet has failed to feature on futures, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	847/845	849/842	841/840
July	755/750	750/747	751/748
Oct.	862/868		865/866
Jan.	874/870	870	865/850
April	945/940		940/935
July	825/810		820/810
Oct.	922/900		926/900
Jan.	940/870		930/870
BFI	739		739

Turnover: — (109).

	Close	High/Low	Prev.
Tankers			
April	820/810	806	830/820
July	795/781	800/795	825/800
Oct.	810/780		810/780
Jan.	1000/900		1000/900
April	1000/900		965/925
BTL	976.5		983

Tanker futures registered small losses again today in the nearby positions, despite the apparent stability of the physical market. Turnover: 41 (56).

LONDON STOCK EXCHANGE

S E DEALINGS

Interest rate optimism ensures extension of strong advance in bonds and shares

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Feb 24	Mar 6	Mar 7	Mar 17
Mar 10	Mar 26	Mar 27	Apr 7
Apr 1	Apr 10	Apr 11	Apr 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

Lower international interest rates—Japan and the US swiftly followed Thursday's West German move and cut their respective discount rates—ensured a continuation of the strong tone in bond and share markets. Optimism over cheaper UK money increased as commercial rates for credit in London fell to the lowest levels for two months, but a reduction in bank base rates was thought unlikely before the Budget on March 18.

Gilt-edged investors were not dismayed. A fresh inflow of investment funds extended the sustained advance which over the past four weeks has raised prices by nearly 7 per cent. Renewed institutional demand was spread evenly between short and longer-life issues but the latter established the larger gains because of increasing stock shortages.

The authorities declined the opportunity to announce new funding at the official 3.30 pm close and in the after-hours' business the enhanced prices levels were fully maintained. Longer-dated Gilts settled with further gains extending to a point, while the shorts ended around ⅛ higher on the day. The Prime Minister's firm statements regarding Britain's entry into the EMS had no further effect on sentiment. After contrasting weakness earlier in the week, index-linked stocks were steadier.

Leading equities came to the close of another spectacular trading Account on a buoyant note. International issues were supported by lower US interest rates and currency influences, which took bellwether stock ICI up to £10 for the first time. Many other leaders traded briskly but Lonrho was undoubtedly the most active counter. The afternoon announcement from the company confirming the existence of substantial speculative positions and suggestions that a consortium could be organising a US-led bid for the company touched off a hectic business. The price of Lonrho raced ahead to 285p before easing to close a net 20 up at 280p.

Other blue chips eased back from firmer morning limits prior to rising late. Prospects for the three-week trading Account starting on Monday improved following a rash of US Prime rate reductions and the FT Ordinary share index closed 9.4 higher at a record 1,308.8. Over the five-day period the index rose 31.4 and on the Account 52.3. The FT-SE 100 share performed similarly yesterday to end 7.7 up at 1,573.8.

Life issues buoyant

Revived takeover speculation sparked off considerable buying of Life Insurances yesterday. Talk of a possible bid for **London and Manchester** from the Trustees Savings Bank pushed the former up to 894p at one stage before a close of 55 up on balance at 892p. **Prudential**, meanwhile, continued to reflect Midland Bank merger rumours and ended a further 24 dearer and 76 higher on the week at 906p. **Pearl** recorded a sympathetic rise of ⅞ at £14⅛. **Britannic** advanced 32 to 900p, while **Legal** and **General** appreciated 30 at 820p and **Equity and Law** jumped 15 to 295p, **Abbey Life** put on 12 to 220p, **Sun Life** rose 13 to 920p and **Refuge** gained 16 at 443p. Elsewhere, a Wood Mackenzie '*buy*' *recommendation in the* wake of the preliminary figures helped Commercial Union close 12 up at 301p; the rise was also accompanied by revived takeover gossip.

The major clearing banks brought a busy week to a quietly dull close. Quotations drifted gently lower on sporadic profit-taking with potential investors deterred by talk of a possible "windfall" or financial services tax being imposed in the forthcoming Budget. **Barclays**, which concluded an excellent dividend season on Thursday with annual profits up 37 per cent at £854m, closed a penny easier at 487p, after 488p.

Breweries, relatively neglected throughout the past week, responded to steady support after-hours'. **Allied-Lyons**, still benefiting from a broker's bullish circular, advanced 10 more to 325p, while more modest gains were recorded by **Bass**, 5 up at 695p, and **Greenall Whitley**, 4 up at 179p. **Matthew Brown** improved 25 for a two-day gain of 35 to 455p following country support, but fading bid hopes left **Buckleys** 5 off at 77p.

Leading Buildings moved narrowly following a reasonable two-day business. **Blue Circle** settled a few pence cheaper at 600p and **RMC** finished 4 off at 536p, but **Rugby Portland Cement**, a shade easier at one stage, picked up to close unchanged at 159p. **Costain** continued to attract buyers and edged up 4 to 488p. **AMEC**, however, encountered profit-taking and slipped 3 to 243p. **Meyer International**, a firm market on Thursday following disposal news, added 5 more to a 1985/86 peak of 210p. Elsewhere, Countryside rose 7 to 350p in response to favourable Press comment and **Berkeley Group** *gained 8 more to 403p in a restricted market.* **Raine Industries** settled a couple of pence cheaper at 501p awaiting the outcome of merger talks, but USM-quoted **Polypipe** were again in demand and firmed 5 to 275p.

A resurgence of US demand in a market none too well supplied with stock lifted ICI ⅞ to £10. Among other Chemicals, **William Canning** gained 12 to 113p reflecting "new time" buying and **British Benzol** put on 4 to 56p following publicity given to a broker's recommendation. Other bright spots included **Wardle Storeys**, up 5 more at 380p, and **Plysu**, 10 higher at 197p.

Ward White lively

Ward White attacted substantial activity, dipping to 258p before closing 8 cheaper on balance at 266p, following the ights issue in Convertible Preference stock to finance the proposed acquisition of the Payless DIY chain from **Marley**, a penny off at 108p.

Leading Retailers, relatively subdued throughout the "house" session, attracted useful demand after-hours'. **Woolworth** featured with a gain of 12 to 532p — an advance of 45 on the week — while **Burton**, down to 262p earlier, rallied to 266p, a net gain of 2. Mail-orders highlighted **Grattan** which rose 10 to 410p; the annual figures are scheduled for March 21. **Freemans**, also due to announce results shortly, put on 6 to 384p. Revived bid chatter lifted **Martin Ford** 5 more to 131p, after 132p.

STC *dropped to 108p on news* of the £11.4m loss for the year, but later rallied strongly to close 16 up on the session at 132p following the chairman's confident remarks made later at an analysts meeting. Elsewhere in Electricals, **Amstrad**, which already this year have soared from around the 190p early January level in response to excellent results and considerations of the profits potential of its new compact disc playing systems, jumped 44 more to a peak of 434p following an investment recommendation. **Apricot Computer** found support in the make of its £3m New South Wales Government computer contract and closed 12 to the good at 99p, while improvements of 13 and 25 respectively were seen in **International Signal and Control**, 368p, and **George H. Scholes**, 530p. **Mnemos** added 10 at 45p and **Pericom** *firmed 12* afresh at 120p. **Cable and Wireless** continued to respond to a broker's circular and firmed 7 more making a rise of 62 on the week. **Thorn EMI** added 10 at 479p and **British Telecom** hardened 2 to 217p; the latter following details of its acquisition of an ITT subsidiary. **Quest Automation** initially touched 42p on bid rumours before closing a net penny lower at 34p, after 29p.

Engineers recorded several outstanding movements, with **Martonair** prominent at 525p, up 115p, after 550p, on news of the surprise bid approach from **IMI**; the latter hardened 3 to 150p. Following comment on the preliminary figures, **TI** advanced 14 to 485p, while stakeholders **Evered** moved up 22 further to 238p. Demand persisted for **Weir Group** which improved 10 further to 101p, while **Howden**, still reflecting the proposed US acquisition, put on 5 more to 108p. **Birmingham Mint**, an old takeover chestnut, put on 20 further to 160p, but profit-taking after speculative activity earlier in the week left **Brooke Tool** 5 lower at 43p.

S. & W. Berisford remained an active market and, after easing to 208p, picked up to close 3 higher on balance at 214p, a rise on the week of 12. **Hillsdown Holdings**, which has built a near 10 per cent stake in Berisford, firmed 5 afresh to 235p, while recently-dull **Tate and Lyle** rallied a few pence to 593p; T & L announced that it had acquired a 2.6 per cent stake in Berisford last Tuesday. **Cadbury Schweppes** continued firmly in the wake of the slightly better-than-expected annual results and closed 5 higher at 175p, a two-day gain of 9. Elsewhere in the Food sector, **Blue Bird Confectionery** spurted 23 to 117p in a restricted market on takeover hopes, while **Greggs** gained 18 to 238p in similar circumstances.

BoC good again

Most leading miscellaneous industrials displayed small mixed movements on the day, but demand persisted for **BOC** which advanced 12 more to 371p for a rise of 43 on the week. **Beecham** were an erratic market before settling 7 to the good at 335p, while **Trafalgar House**, unsettled recently by a broker's downgraded profits forecast, became a steadier market at 316p, up 2. Elsewhere, comment on the preliminary figures prompted fresh demand for **Williams Holdings** which advanced 27 further to 575p. Reebok's proposed 2.2m share offer and first-quarter profits estimate enlivened **Pentland**, 25 higher at 395p. **Steetley**, preliminary results due on March 24, advanced 17 further to 442p; the rise was also accompanied by vague talk of a bid from English China Clays. **Dalgety**, in contrast, were nervously sold following the collapse of the tin talks and fell away to 255p before staging a rally to close 10 down on balance at 265p. Profit-taking persisted in **Fisons** which fell 14 more to 492p. **British Aerospace**, down to 555p at one stage, moved ahead smartly to close 7 up on balance at 570p. Buying in anticipation of Monday's preliminary statement left **Laidlaw Thomson** 19 to the good at 103p. Other noteworthy gains included, **Park Place**, up 27 more at 283p, **Sale Tilney**, 15 to the good at 265p, and **Macarthys Pharmaceutical**, 12 better at 380p. **Booker McConnell** hardened 5 to 335p following news of the proposed acquisition of the catering business of Amalgamated RFoods, while speculative activity left **Times Veneer** 5 dearer at 24p.

President Entertainments provided a bright feature in the Leisure sector, spurting 13 to 108p. On the other hand, **Sangers Photographic** encountered profit-taking and dipped to 73p prior to closing 6 lower at 77p.

Motors lacked a decided trend. **Jaguar**, scheduled to reveal preliminary figures next Thursday, dipped 8 to 447p—a decline of 16 on the week. Sellers also held sway in **Lucas Industries** which eased a few pence to 618p, but fresh demand ahead of the interim figures expected during the new Account lifted **Armstrong Equipment** 6 more to a new peak of 122p. Distributors highlighted **Appleyard**, 13 to the good at 133p in a relatively thin market; the annual results are due next Thursday. **Lex Service**, depressed on Thursday in reaction to the disappointing full-year figures, rallied 9 to 330p.

Among Paper/Printings, **Bemrose** continued to attract buyers and rose 7 to 165p, a two-day gain of 17; the annual results are due later in the month.

Current takeover favourite **MEPC** encountered a burst of buying interest late in the session and closed 12 higher at 365p. **Land Securities** edged up 3 to 320p, while **Haslemere Estates**, in receipt of an unwelcome bid from Rodamco, added a similar amount to 633.

P & O Deferred were the subject of late support and closed 10 higher at 528p; the annual results are due towards the end of the month. **Ocean Transport**, a firm market recently on P & O takeover hopes, encountered end-*Account offerings and slipped 3 to 194p.*

"Shell" situation **NMC Investments** succumbed to profit-taking and closed 25 off at 55p; dealings in the shares, suspended earlier in the Account at 26½p, resumed last Monday and quickly touched 105p, following details of the proposed capital restructuring.

Oils lower

Leading Oils ended the Account on a quietly mixed note. BP moved narrowly prior to closing a couple of pence harder at 527p while **Shell**, due to unveil fourth quarter results on Thursday, were finally 3 off at 695p, after 693p. **LASMO**, scheduled to announce preliminary results Sun (UK) Royalties, 10 cheaper on March 25, fell a similar amount to 137p for a week's decline of 13. **Ultramar** gave up 5 to 202p ahead of Wednesday's full-year figures.

Golds easier

A sluggish performance by the bullion price coupled with general lack of interest and persistent small selling pressure prompted widespread falls throughout South African sectors of mining markets.

Cuts in international interest rates — a reduction in the Federal Reserve Discount Rate was followed by numerous prime rate cuts by leading US banks — failed to inspire any further support for the bullion price which dipped to around $342 an ounce before closing a net 75 cents off at $342.75; over the week the metal price showed a $5.75 gain.

In the leading heavyweights Golds Randfontein ran back £2 to £64, while Vaal Reefs gave up £1¾ to £56¾ and Winkelhaak ⅞ to £14¾. Cheaper priced issues showed Freegold 32 off at 737p and Kloof 13 off at 537p.

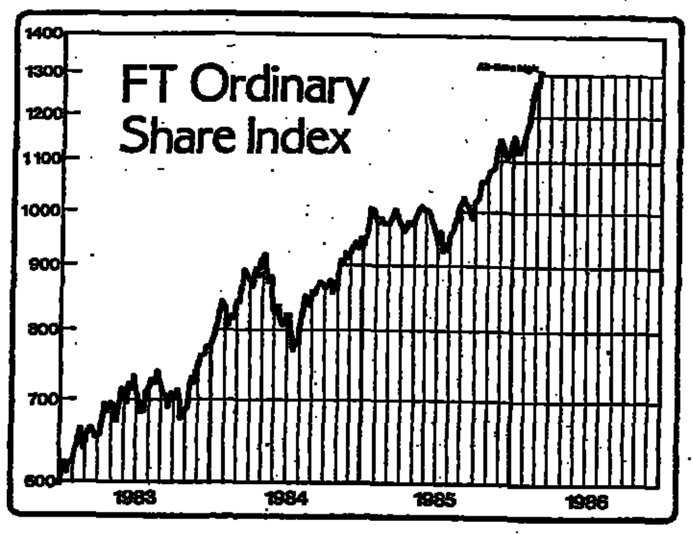
South African Financials mirrored the trend in Golds. De Beers, a strong market over the past few weeks reflecting rumours of a diamond price increase to accompany next Tuesday's preliminary results, fell back 11 to 474p, while Gencor, reporting annual figures on *Thursday, lost 25 to 975p. GFSA* retreated 50 to 975p and Anglo American Corporation dipped ⅛ to £10⅞.

Among UK Financials RTZ were down 10 at 617p and Consolidated Gold Fields, due to announce interim results on Wednesday, lost 8 to 460p.

Business in Australians was reduced to a trickle following the negative performance by overnight Sydney and Melbourne markets. Tins, however, came under persistent pressure following the collapse of the tin rescue plan. Cornwall's Geevor Tin, firm market over the past couple of weeks following news that two near 19 per cent stakes in the company had changed hands, slumped to 48p before rallying to close 10 off at 52p. Among Malaysian Tins, Ayer Hitam dropped 20 to a 1985/86 low of 150p. Tronoh and Sungei Besi fell 15 apiece to the common price of 105p.

Traded Options

After a subdued start to the week, business in Traded Options improved significantly and culminated in yesterday's total of 26,523 contracts — 20,911 calls and 5,612 puts. Around half the day's activity, however, was transacted in Lonrho which attracted 10,316 calls and 2,674 puts as operators' enthusiasm was further stimulated by the company's statement regarding the likelihood of a US-led consortium bid; the May calls were particularly active with the 240's and 280's accounting for 2,661 and 2,792 trades respectively. British Aerospace recorded 1,110 calls and 172 puts. The FT-SE 100 index contract attracted 407 calls and 719 puts.



FINANCIAL TIMES STOCK INDICES

	Mar. 7	Mar. 6	Mar. 5	Mar. 4	Mar. 3	Feb. 28	year ago
Government Secs	86.92	86.38	86.16	86.26	86.21	85.43	80.30
Fixed Interest	91.10	90.90	90.57	90.32	89.69	90.15	83.60
Ordinary ♥	1308.8	1299.4	1301.3	1281.3	1266.5	1277.4	988.1
Gold Mines	333.6	339.8	337.8	337.5	342.7	336.2	474.9
Ord. Div. Yield	4.07	4.10	4.10	4.13	4.18	4.15	4.53
Earnings, Yld. %(full)	9.83	9.93	9.92	9.72	9.83	9.76	11.26
P/E Ratio (net) (*)	12.60	12.46	12.48	12.68	12.53	12.62	10.80
Total bargains (Est.	36,043	35,500	36,099	37,218	37,507	32,300	26,546
Equity turnover £m.	—	935.43	865.12	754.25	664.65	762.99	526.31
Equity bargains	—	36,099	33,881	32,265	32,058	33,516	27,470
Shares traded (ml)	—	410.6	363.3	354.5	322.2	348.4	269.9

♥ 10 am 1304.3. 11 am 1302.6. Noon 1299.7. 1 pm 1299.7. 2 pm 1299.9. 3 pm 1302.6. 4 pm 1304.1. Day's High 1308.8. Day's Low 1299.5. Basis 100 Government Securities 15/10/26. Fixed interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest index 01-246 8026. *Nil=12.14.

HIGHS AND LOWS

—	1985/86 High	1985/86 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	86.92 (7/3/86)	78.02 (28/1/85)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	91.10 (7/3/86)	82.17 (28/1/85)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1308.8 (7/3/86)	911.0 (25/7/85)	1308.8 (7/3/86)	49.4 (26/6/40)
Gold Mines	536.9 (15/4/86)	217.6 (5/11/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	Mar. 6	Mar. 5
Daily		
Gilt Edged Bargains	197.4	179.6
Equities Bargains	233.9	219.5
Equities Value	1,890.75	1728.4
5 day Average		
Gilt Edged Bargains	190.0	196.1
Equities Bargains	217.5	213.8
Equities Value	1,597.9	1568.3

TRADITIONAL OPTIONS

Account Dealing Dates

Option

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 3	Mar 14	June 12	June 23
Mar 17	Apr 4	June 26	July 7
Apr 7	Apr 18	July 10	July 21

For rate indications see end of Unit Trust Service

Extremely lively conditions prevailed in Options with calls transacted in Aidcom International, Carless Capel, Atlantic Resources, Aurora, Ocean Transport and Trading, Manders, STC, John Brown, Wellcome, Tavener Rutledge, Barker and Dobson, Polly Peck, Bristol Channel Ship Repairers, Mellerware, Abaco Investments, Caparo, Davy, Raine, Sound Diffusion, Bio-Isolates, "The Times" Veneer, Bush Radio, Amstrad, MEPC, Turner and Newall, Ward White, *Triton Europe*, George Wimpey, Dares Estates, Johnson and Firth Brown, Amber Day, British Telecom, Tozer Kemsley and Millbourn, Geers Gross, Chloride, Quest Automation, T. Cowie and Silentnight. *No puts were reported*, but double options were taken out in Bejam and Polly Peck.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1985, based on Thursday, March 6, 1986.

Gold Mines Index	+36.00	Insurance (Composite)	+15.02
Motors	+29.12	Industrial Group	+13.90
Textiles	+24.21	Contracting, Construction	+13.79
Chemicals	+23.41	Other Groups	+13.78
Metals and Metal Forming	+21.76	500 Share Index	+11.96
Electricals	+21.36	All-Share Index	+11.45
Electronics	+21.23	Consumer Group	+11.30
Other Industrial Materials	+21.10	Telephone Networks	+10.93
Tobaccos	+20.30	Insurance (Life)	+ 9.93
Office Equipment	+19.61	Financial Group	+ 9.72
Capital Goods	+19.45	Overseas Traders	+ 9.30
Health and H'sehold Products	+18.74	Brewers and Distillers	+ 8.83
Merchant Banks	+18.60	Property	+ 8.45
Mechanical Engineering	+17.14	Investment Trusts	+ 8.04
Packaging and Paper	+16.34	Food Manufacturing	+ 7.90
Publishing and Printing	+16.34	Insurance Brokers	+ 6.46
Mining Finance	+16.11	Banks	+ 6.37
Leisure	+15.86	Food Retailing	+ 6.03
Shipping and Transport	+15.69	Stores	+ 4.94
Building Materials	+15.28	Oils and Gas	− 2.65

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or −	Net Divi.	Times covered	Gross Yield	P.E. Ratio
§160	F.P.	28/2	182	166	✱Brookmount	178	−2	R3.5	4.4	2.8	11.5
105	F.P.	14/3	145	112	Macro 4 5p	140	+2	R1.0	6.5	1.0	21.5
§127	F.P.	7/3	140	125	✱Microsystems 10p	140	......	R1.78	4.5	1.8	17.6
§145	F.P.	4/4	177	155	PPL 10p	155	−3	u2.5	6.0	2.3	10.2
‖ ‖	F.P.	--	900	830	Rodime 5p	830	−15	—	—	—	7.4
§80	F.P.	4/4	93	86	✱Spice 5p	93	......	u2.8	2.2	4.3	12.0
††	F.P.	27/3	25	7	Telfos Warrants	22	−1	—	—	—	—
215	F.P.	1/8	221	215	Templeton, Galbraith	221	......	Q5.97c	2.5	1.9	20.7
100	F.P.	27/3	99	95	Throgmorton USM	99	......	—	—	—	—
120	F.P.	24/3	183	156	Wellcome	183	......	u2.08	2.8	1.6	24.6
—	F.P.	—	22	8	Westland Warrants	16	......	—	—	—	—
140	F.P.	7/3	150	140	✱Wickes 40p	150	......	R2.0	4.7	1.9	15.1

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or −
97.203	F.P.	4/4	101¼	92½	Allied Lon. Props. 10⅞% 1st Mort. Deb. 2025	101¼	+¾
88.256	£30	25/4	32⅝	30½	American Medical Intl. 9⅞% Uns. Ln. 2011	32⅝	+¼
§98.287	£25	19/5	29½	28⅛	Centrovincial Ests. 11⅛% 1st Mort Db. 2016	29½	+¼
—	F.P.	—	107	105	✱Electron-H'se 6½% Cav. Cum Red Prf	107	......
§99.745	F.P.	11/4	109	98½	First Scot. Am. 11½% Deb. 2016	109	+½
§99.11	F.P.	—	102	99¼	Hampton Tst. 11⅛% 1st. Mort. Deb. 2025	102	......
94.917	F.P.	—	95⅜	94⅞	Inter-Am Dev Bk 9⅞% Uns Ln 2015	95¼	......
‖	Nil	25/4	113p	107p	Lawrence (W.) 8.5% Cnv. Cum. Red. Pref.	110p	......
98.977	F.P.	10/3	104	99	Mecca Leisure 11½% Deb. 2011	104	......
—	F.P.	—	100⅛	100¼	Nationwide Bldg. Soc. 12½% 2/3/87	100⅛	+⅛
¶¶	F.P.	—	147p	140p	✱Parkfield 7% Cum. Cnv. Prf. 2005	146p	−1
‖	Nil	16/4	5pm	3pm	Porter Chad. 8% Cnv. Cum. Red. Prf. '83	4pm	......
§97.955	£25	25/4	31	25½	Samuel Props. 11% 1st. Mort. Deb. 2016	31	+½
§99.708	F.P.	28/2	104	96	T. T. Finance 11⅛% Gtd. Deb. 2016	104	......
100	F.P.	—	99½	98	Throgmorton USM 5½% Pt. Cnv. Red. Prf.	99½	......
‖	F.P.	—	117	104	Westland 7½% Cnv. Cum. Prf.	104	......

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or −
R10	Nil	21/3	15pm	15pm	DAB Invs	15pm	......
16½	Nil	—	2pm	1pm	Dares Ests. 5p	2pm	+1
330	Nil	9/4	78pm	50pm	✱High Point Services 10p	77pm	......
255	Nil	—	40pm	35pm	KLP 5p	40pm	+5
70	Nil	—	11pm	9pm	Kent (J.) 5p	9pm	−1
94	F.P.	26/3	122	105	Meggitt Hldgs. 5p	120	−2
315	F.P.	24/3	390	262	✱Midsummer Inns 50p	290	......
115	Nil	25/4	28pm	15pm	Wates (City of London)	24pm	......
140	F.P.	27/3	175	168	Watshams 5p	175	......
60	F.P.	—	86	63	Westland	72	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1986. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. *t* Indicated dividends: cover relates to previous dividend; p/e ratio based on latest annual earnings. *u* Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ▇ Allotment price. ✱ Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (c). †† Units comprising two ordinary, one preference and one warrant.

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NEW HIGHS AND LOWS FOR 1985/86

NEW HIGHS (271)

BRITISH FUNDS (77), CORPORATION LOANS (2), AMERICANS (5), BANKS (3), BREWERS (2), BUILDINGS (11), CHEMICALS (7), STORES (7), ELECTRICALS (11), ENGINEERING (15), FOODS (8), HOTELS (1), INDUSTRIALS (33), INSURANCE (11), LEISURE (2), MOTORS (4), NEWSPAPERS (1), PAPER (8), PROPERTY (3), SHIPPING (1), TEXTILES (2), TOBACCOS (1), TRUSTS (55), OVERSEAS TRADERS (1), INSURANCE (1) Dewey Warren, LEISURE (1) Boosey and Hawkes, PAPER (1) Klearfold Inc, TRUSTS (2) New Darien Oil, North Sea Assets, OIL (15) Berkeley Expln, E.R.I.C., Indl Scotland Energy, Inter Cont'l Energy, LASMO, Marinex Pet, Meridian Oil, North Sea & Gen Invs, Pict Petroleum, Santos, Steaua Romana, Sun (UK) Royalty, TR Energy, Tricentrol, Do. 11pc Cnv Ln 1995-05, PLANTATIONS (2) Harrisons Malay Plants, Highlands & Lowlands, MINES (11) F. S. Cons Gold, OFS Invs, Asia Oil & Minerals, Balmoral Resources, Eastern Petrol, Australia, Southern Resources, Ayer Hitam, Gopeng Berhad, Petaling Tin, Sungei Besi, Tongkah Harbour Tin.

NEW LOWS (35)

ELECTRICALS (1) AMS Inds. INDUSTRIALS (1) Morris (W.) F.A..

RISES AND FALLS YESTERDAY

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	99	1	12	301	193	66
Corpns., Dom and Foreign Bonds	20	9	53	123	54	229
Industrials	326	371	824	1,686	1,626	4,297
Financial and Props.	150	72	355	841	382	1,662
Oils	17	41	67	82	140	403
Plantations	0	5	11	4	19	57
Mines	21	68	91	184	231	485
Others	69	26	121	378	254	463
Totals	702	593	1,534	3,599	2,899	7,662

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Abbey Life	220	+12	ICI	£10	+ 0⅞
Amer. Elect. Comp.	23	− 4½	Lonrho	280	+20
Amstrad	434	+44	Martonair Intl.	525	+115
Brit. Aerospace	570	+ 7	Quest Automation	34	− 1
Cowie (T.)	148	—	STC	132	+16
Glaxo	891	− 1	Ward White	266	− 8

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thur. close	Day's change	Stock	No. of changes	Thur. close	Day's change
ICI	38	968	+ 4	Ford (Martin)	22	126	+ 2
TI	29	471	+18	BSR Intl.	21	105	− 8
Grand Met.	28	410	−10	Lonrho	21	260	+11
Harris Queens.	26	260	+10	Pearson	21	490	− 5
Berisford (SW)	24	211	− 2	Cable & Wire.	20	688	+10
Stand'd Chart'd	24	522	+25	Comm. Union	20	283	+ 4

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thur. close	Change on week	Stock	No. of changes	Last Thur. close	Change on week
ICI	215	968	+51	Comm. Union	113	289	+ 8
Br. Aerospace	137	563	+25	BP	112	525	−18
Cable & Wire.	135	688	+48	Grand Met.	110	410	−10
Berisford (SW)	123	211	+19	Barclays	109	488	+13
Ashley (Laura)	121	235	+33	BAT Inds.	107	370	+12
Ford (Martin)	121	126	+23	BTR	108	443	+13

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

FOREIGN STOCKS

(coupons payable in London)

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

C—D

E—F

G—H

I—J—K

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 1.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. △ Bargains done with non-member or executed in overseas markets.

L—M

Ladbroke Grp Wts 302 (28/2). 8pcLn 1990-93 £880
Laing (John) A/N-Vtg 348
Laird Grp 8pcLn 1988-93 £78 (4/3)
Laporte Inds (Hldgs) 8½pc2ndPf (£1) 46 ½ (5/3). 8pcDb 1993-98 £78¾
Lavender (Walter) 8.5pcPf (£1) 8 ½ 9 10
Lep Grp 4½pcPf (£1) 50 (4/3)
Lewis (John) Partnership 5pcPf (£1) 45. 7½pcPf (£1) 64
Lewis's Inv 6½pcMtDb 1985-90 £84
Lex Service 2ndSerWts 170. 8½pcLn 1992-1997 £86 (5/3)
Liberty 6pcPf (£1) 50½ (3/3)
Lilleshall 5pcPf (£1) 36 (5/3)
Linread 7¾pcDb 1988-93 £79½⊕. 8pcLn 1987-92 £79 (3/3)
Lister 4pcDb £33 (3/3)
Lloyd (F. H.) Hldgs 7¾pcLn 1981-91 £78½ (5/3)
London Midland Indstls 5pcPf (£1) 39⊕
London Provincial Poster Grp 8½pcLn 1986-91 £87
London Entertainments (20p) 55 (4/3)
London Intnl Grp 10½pcLn 1990-95 £96½ (4/3)
London Park Hotels 4½pcPf (£1) 36 (5/3)
Lonrho 7½pc1stMtDb 1986-91 £83½. 12½pc2ndDb 1985-90 £101
Lucas Inds 7½pcLn 1983-88 £92½. 10¼pcLn 1992-97 £97½
Lyles (S.) 11pcPf (£1) 94 (4/3)
Lyon Lyon 120⊕

MK Electric Grp 7½pcLn 1986-91 £84 (4/3)
MY Dart Dfd (10p) 25
McAlpine (Alfred) 8pcPf (£1) 114
Macarthys Pharm. 5¼pcBPf (£1) 55 61 (5/3)
McCarthy Stone 7pcLn 1999-2004 £124
McCorquodale 3¾pc1stDb 1957-77 £96⊕
McKechnie Bros. 10pcLn 1994-99 £68p 186 (4/3)
Macro 4 (5p) 137
Macro 4 (5p) 137. New (5p) 136 7 8
Magnet Southerns 5.25pcPf (£1) 74½
Magnet Joinery 9pcDb 1988-94 £88 (3/3)
Manor National 10½pcPf (£1) 88
Mapple Webb Hldgs 5½pc2ndPf (£1) 49
Marks Spencer 7pcPf (£1) 60
Marshall (Thomas) (Loxley) 95 (4/3)
Massey-Ferguson Hldgs 7½pcDb 1987-92 £82 (3/3)
May Hassell 6pcPf (£1) 49 (4/3). 8¼pcDb 1992-97 £90⊕
Mecca Leisure Grp 11.5pcDb 2011 £104½
Menzies (John) 9pcPf (£1) 100 (4/3)
Messina (R0.50) 54 5
Metal Box 4.9pcPf (£1) 58½ (5/3). 2.8pc 2ndPf (£1) 33 (4/3). 10½pcLn 1992-97 £99½
Micro Business Systems 6pcLn 1997 £56½ (4/3)
Millfields Inv 7pcPf (£1) 87 (3/3)
Mitchell Cotts 4.35pcPf (£1) 40 (5/3). 3.5pc2ndPf (£1) 39 (5/3)

Shenley 6¼pcDb 1985-90 £86
Sterling Ind 1stPf (£1) 40 (4/3)
Stoddard (10p) 24 (4/3). 4pcPf (£1) 36 (5/3). 10pcCnvPf (£1) 125 (4/3)
Stonehill 10½pcPf (£1) 90 (28/2)
Storehouse 9pcCnvLn 1992 £192 5
Suter Dfd (5p) 241
Swan (John) 125 (28/2)
Symonds Engr (5p) 16

T—U—V

TI Grp 5.8pcLn 1989-94 £68½. 7.7pcLn 1989-94 £78½ (28/2). 9pcLn 1989-94 £85 (4/3)
Tarmac 6¼pcDb 1989-94 £73 (5/3). 6¼pcDb 1989-94 £75½ (5/3). 7½pcDb 1992-97 £75½ (4/3). 8¼pcLn 1990-95 £83½ 4½
Tate and Lyle 6½pcPf (£1) 55. 6¼pcLn 1985-90 £84¼ (4/3). 10¼pcLn 2003-08 £91¾ (5/3). 13pcCnvLn 1994-99 £195
Taylor Woodrow 7¼pcLn 1987-90 £88 (5/3)
Tecalemit 8¼pc2ndDb 1985-90 £89½
Television South 10pcCnvLn 1997 £125
Telfos Nw (20p) 86 (5/3). Wts (4/3)
Tenneco 10pcSdg/sCnvLn 1991-95 £142½ (5/3)
Tern Grp 9pcCnvPf 1997-2000 (£1) 85 (4/3)
Tex Hldgs (10p) 158 62 (4/3)
Thomson Org 4.72pc1stPf (£1) 58 (4/3). 5.83pcPf (£1) 71 (5/3). 21.7pcPf 65. 3pc1stMtgDb (1964-94) £70. 7¼pcLn 1987-92 £78 (5/3)
Thomson T-Line 155
THORN EMI 5pcLn 2004-09 £50½ (5/3). 7½pcLn 1989-92 £84½ (5/3). 7pcLn 2004-09 £73½ 4. 8½pcLn 1989-94 £86¼ (5/3)
Tilling (Thos) 4.55pcPf (£1) 56½. 5.25pcPf (£1) 66 ½. 8pcDb 1985-90 £87½ (28/2). 8½pcLn 1989-94 £87 ¼
Tioxide Grp 11½pcLn 1991-96 £102¼
Titaghur Jute Fact (£1) 28 (5/3). 6pcPf (£1) 10 (5/3)
Tomkins (F. H.) 9¼pcLn 1994 £184 (4/3)
Tootal Group 5pcPf (£1) 42. 4¼pcDb £42. 7½pcDb 1985-90 £97½ (4/3). 7½pcLn 1989-94 £77¼ ¾ (5/3)
Towles A N-V (10p) 85
Tozer, Kemsley and Millbourn (Hldgs) 5.5pcPf (20p) 95 6
Trafalgar House 7¼pcPf (£1) 62 (3/3). 7pcDb [illegible] 59 (5/3). 8pcLn 1994-99 £73½. 9½pcLn 2000-05 £87. 10¼pcLn 2001-06 £96½
Transport Devpt Group 8¼pcLn 1993-98 £79½ (28/2). 12½pcLn 2008 £114¼
Travis and Arnold 7pc1stPf (£1) 84
Trinity Intnl Hldgs (llm vtg) (50p) 263. 5pcPf (£1) 40
Trusthouse Forte 6.25pc1stDb 1985-90 [illegible] (4/3). 10.5pcDb 1991-96 £99½. 9.1pcLn 1995-2000 £86 7 (5/3)
Turner and Newall 8pcDb 1987-92 £83¼ [illegible]

G.T. Japan Inv Tst 8½pcLn 1987 £403½ 5½ (5/3)
Gen Cons Inv Tst 4¼pcAPf £58
Gen Funds Inv 5pcPf (£1) 44 (3/3)
German Secs Inv Tst (£1) (War) 103 (3/3)
German Smaller Co's Inv Tst War 52
Globe Inv Tst 11½pcLn 1990-05 £256 7
Govett Enterprise Inv Tst 5½pcPf (£1) 47 (3/3)
Greenfriar Inv War 162 (3/3)
Grp Investors Option 130⊕. 5pcDb 1986-1991 £73½ (3/3)
Hill (Philip) Inv Tst 5¼pcPf (£1) 43½ (4/3)
Inv Tst of Guernsey (50p) 147
Investors Cap. Tst 5¼pcPf £42 (4/3). 4pcDb £32
London and St Lawrence Inv (5p) 60 (28/2)
London and Strathclyde Tst 5pcPf £50½ 3½ (4/3)
London Tst 5½pcDb 1983-88 £95½ (4/3)
Metropolitan Tst 4½pcPf (£1) 36
New Darien Oil Wts 2
New Throgmorton (1983) 12.6pcDb 2008 £112 (4/3)
New Tokyo Wts 126⊕ 7⊕
Plantation 7½pcLn 2000 £82
Raeburn 5pcPf £44 (4/3)
Rights and Issues 52 (4/3). 7½pcPf (£1) 70 8 9½ (5/3)
River Plate General 5pcPf £46. Wts 90
Scottish Eastern 4½pcPf £38⊕
Scottish Mortgage 4pcPf £30 (5/3). 5pcPf £41 (28/2). 5¼pcPf £42 (4/3). 8pc-14pc Stepped Interest Db 2020 £125
Second Alliance 4½pcPf £36 8 (5/3)
Shires Wts 34 ½. 11pcLn 2003-04 £109 10 ½ 2 ½ 3
TR Australia 5pcPf £41½
TR Natural Resources 5pcPf (£1) 47½⊕
TR Pacific Basin Wts 373 (5/3). 4½pcPf (£1) 37 (28/2)
TR Trustees Corpn 4½pcPf £39½ (28/2). 3pcDb 1972-87 £91 (4/3)
T.T. Finance 11⅞pcDb 2018 £104¼ (5/3)
Throgmorton 12¼pcDb 2010 £11[illegible] (5/3)
Throgmorton USM New (50p) (With wts) 98 (5/3). New 5½pc Ditto (With wts) 98½ 100 (4/3)
United States Debenture Corpn 4.6pcPf £55 (28/2)
Vantage Securities (10p) 74 (28/2)

MINES—MISCELLANEOUS

Anglo American Inv Tst (R0.50) £50
Anglo United Development Corpn NPV (Canadian Reg) 31 2 3
Asarco Inc NPV £14¼ (28/2)
Bisichi Tin (10p) 15½
Botswana RST (Pu2) 11 (5/3)
Consolidated Gold Fields 6½pcLn 1987-92 £74½ 5 (4/3). 7¾pcLn 1999-2004 £71½ ½ 2¼. 8¼pcLn 1988-93 £82 3 ½
De Beers Consolidated Dfd (R0.05) (Br Cpn 76) 484
El Oro Mining Exploration (10p) 160 (5/3)

Electron House Units 241 (5/3)
Electron House Units (Fy Pd) 241 (5/3). Units (Nil Pd) 32⊕
Entertainment Production Services (5p) 10
Gibbs Mew 160
Heavitree Brewery 402 (28/2). A 340 (5/3)
Horne (Robert) Gp A (20p) 154½ 5½ 5 6
Intervision Video (Hldgs) (10p) 4½. 7pcPf (£1) 20
Kenyon Securities 24⊕ (3/3)
Metal Bulletin (10p) 112 3
Microsystems Gp (10p) 138 40 2 3. New (10p) 140⊕
Midsummer Inns (50p) 295
Parkfield Group 7pcPf (£1) 143 4 5 (4/3). 7pcPf (£1) 145 6½ 6
Pavions Intnl 3.85pcPf (£1) 52 3. 11pcLn 1994-2002 £111 2 3 ½ 4
Pericom (10p) 108 13
Perkins (John) Meats (10p) 32 (4/3)
Property Trust (10p) 4 ½
Slomer Intnl (10p) 85 7
Spice New (5p) 90 1
Technofan FF100 £205⊕
Technology for Business 7pcPf (£1) 132 (28/2)
Villa Pollen Intnl New (5p) 175
West Yorkshire Independent Hospital (50p) 74⊕
Wickes (40p) 149 52. New (40p) 148 9 (5/3)

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Acorn Secs 17⊕ 16 (28/2)
Agnico-Eagle Mines £11½ (3/3)
Air Liquide £68½ (5/3)
Allstate Explorations 11
Amco Ind Hldgs A £38½⊕
American Home Prods £48¼⊕ (4/3)
Ampol 110⊕ 10
Amsterdam-Rotterdam Bk US$42¼⊕
Anglo-Alpha 315⊕ (28/2)
APM 160⊕ (3/3)
Arcadia Minerals 1½ (3/3)
Ashland Oil £29½ (28/2)
Ashton Mining 65 (5/3)
Atlantic Richfield £35¼⊕ 6¼⊕ (5/3)
Aust Foundation Inv 99
Aust Guarantee Corp 122 (4/3)
Aust Oil Gas 82⊕ (5/3)
Avnet £26⊕ (3/3)
Basic Res Bahamas 48

[illegible]

Simon Engr 4pcPf 1984-96 (£1) 61 (3/3). 5.4pcPf (£1) 63 (3/3). 6pcPf (£1) 49. 7.75pcPf 1992-97 (£1) 95 (3/3)
Sirdar 7½pcPf (£1) 60
600 Group 8½pcLn 1987-92 £85 (5/3)
Slingsby (HC) 135
Smith (WH) B (10p) 56 (4/3). 8pcDb 1987-92 £87¼ (5/3). 5½pcLn £42½. 7¼pcLn 1988-93 £83 (3/3)
Smiths Ind 11¼pcDb 1995-2000 £100½
Smurfit (Jefferson) 10½pcLn 1975-95 £66 (28/2)
Sommerville (Wlm) 365 (5/3)
Southerns-Evans 8pcDb 1987-92 £89 (28/2)
Spillers 7¼pcDb 1984-89 £86½ (5/3)
Stag Furniture 10pcPf (£1) 100
Staveley Ind 7½pcLn (1986-91) £86 (5/3)
Steel Brothers 4.2pc1stPf (£1) 48 (28/2). 5.25pc2ndPf (£1) 59 (28/2). 5.6pcNn-Cm 3rdPf (£1) 60 (28/2). 7pcLn 1990-95 £69½ 71 (3/3). 9pcLn 1990-95 £82½ (4/3)

Danae Inv Tst War1incCap 20 (4/3)
Derby Tst Cap (10p) 124⊕. WarCap 40
Drayton Cons Tst 2.8pcPf £35. 3.5pcPf £43. 6¼pcALn 1994 £270⊕
Edinburgh Am Assets Tst 4½pcPf £39½ (3/3)
Edinburgh Financial Tst War 10
Edinburgh Inv Tst 3.65pcPf £44 (3/3). 11½pcDb 2014 £108¾ (28/2)
English and New York Tst 5½pcDb 1987 £95¼⊕
English Nat Inv Pf (£1) 152 (3/3). Dfd 110 (4/3)
F and C Eurotrust 5¾pcLn 1996 £187⊕
F and C Pac Inv Tst War 42 3
First Scot Am Tst 3½pcPf £43 (5/3). 11.5pcDb 2016 £33¾ (5/3)
Fledgling Japan Inv War 13⊕
Fleming Far Eastern Inv Tst 4½pcPf (£1) 36½
Fleming Mercantile Inv Tst 4pcPf (£1) 36½ (4/3)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

	Bid Price	Offer Price	+ or –	Yield Gross
High Income				
Gilts & Fixed Int.	114.9	121.5xd	–0.3	9.87
High Inc Equity	86.9	92.6	+0.1	5.36
Worldwide Bond	176.4	189.2xd	+0.6	5.33
Capital Growth				
American Growth	148.9	158.4	+0.7	0.78
Asian Pacific	41.8	44.9	+0.1	2.78
Assets & Engy. Tl.	93.1	99.5	–0.2	1.59
Capital Reserve	60.5	60.8xd	+1.0	1.67
Commodity & Engy	65.2	69.7xd	+0.3	1.56
European Capital	79.0	84.0	+1.2	1.79
General	131.5	140.6	–0.1	3.02
Japan	61.8	66.1	+0.5	—
Mastertrust	56.7	60.3	+0.4	1.66
UK Growth Acc Units	121.8	130.9	+0.7	1.18
UK Growth Dist	55.1	91.4	+0.4	1.68
U.S. Emerging Co's	59.2	63.7	+0.7	0.41
Equities Prog.	189.0	201.2	+0.6	3.53

For Aitken Hume see Sentinel Funds Mngmnt Ltd

Allied Dunbar Unit Trusts PLC (a)(g)
Allied Dunbar Centre, Swindon, SN1 1EL (0793) 610366 & 28291

Balanced Trusts				
First Trust	211.5	225.2xd	–0.1	3.40
Growth & Inc Trust	128.1	136.4	–0.3	3.36
Capital Trust	224.0	238.5	–0.5	2.75
Balanced Trust	342.3	364.5	–0.8	3.36
Accum Trust	522.0	555.9	–1.1	3.16
Income Trusts				
American Income Ts.	29.8	31.7xd	+0.1	4.26
High Income Trust	230.0	244.9xd	.....	5.01
Equity Income Trust	124.7	132.8	–0.3	5.12
High Yield Trust	133.6	142.3	–0.6	5.83
Govt Secs Trust	29.6	30.8	.....	9.95
International Trusts				
International Trst	71.6	76.3xd	+0.5	1.93
Japan Trust	77.4	82.4	+0.9	0.02
Pacific Trust	132.3	140.9	+1.2	1.27
AmerSpcSitsTst	64.7	68.9	+0.3	1.19
Secs.of Amer. Tst	200.3	213.3	+1.2	0.65
Specialist Trusts				
Asset Value Tst	208.1	221.6	–0.1	3.42
Gilt Growth Tst	36.0	37.5	–0.3	3.01
Smaller Co Tst	110.0	117.2	+0.2	2.80
2nd Smlr. Co's Trust	142.1	151.2xd	–0.1	2.65
Recovery Trust	74.6	79.4	+0.2	2.36
Met. Min.CdtyTst.	82.4	87.8	+0.2	2.26
O'seas Engs. Tst	178.9	190.5	–0.3	3.11
Technology Tst	90.0	95.9	+0.5	0.94
Exempt Trusts				
Income Ex. Tst	115.8	122.8	–0.4	5.78
Far East Ex. Tst	143.8	152.4	+1.5	1.77
Smaller Co.Ex. Tst	206.8	219.2	+0.5	2.92
U.S.A. Ex. Tst	319.3	338.5xd	+2.8	1.42

Anthony Wieler Unit Tst. Mgmt. Ltd
19 Widegate St, London E1 7HP 01-377 1010

Wieler Grth Fd. Inc.	74.4	80.0	.....	1.30
Do. Accum.	102.4	110.1	.....	1.30

Arbuthnot Securities Ltd (a)(c)
131 Finsbury Pavement, EC2A 1AY 01-628 9876

Capital Growth	55.3	59.1	+0.6	1.78
Eastern & Internatl.	104.0	111.2	+0.5	1.79
(6% Withdrawal)	55.7	59.5	+0.3	1.79
Finance & Property	55.4	59.2	+0.2	2.44
Gilt & Fixed	48.1	50.6xd	–0.3	8.61
High Income	67.6	72.2xd	+0.2	5.44
High Yield	66.7	71.3xd	.....	8.58
International	66.4	71.0	+0.6	2.64
(Accumulation)	67.8	72.5	+0.7	2.64
(5% Withdrawal)	64.4	68.8	+0.5	2.64
Managed Fund	55.8	58.8	+0.3	—
Preference	26.9	28.7	.....	11.26
Smaller Companies	122.3	130.7	–0.1	1.39
(Accumulation)	131.8	140.9	–0.2	1.39
World Penny Share	9.4	10.0	+0.1	1.20
Portfolio Trust				
Hong Kong	38.8	40.2	+0.1	0.10
UK	73.9	76.5	.....	1.65
Japan	74.2	76.8	+1.3	0.10
U.S.	71.8	74.6	+0.4	1.06
Europe	93.1	96.4	+1.0	0.10

Archway Unit Tst. Mgs. Ltd(a)(c)

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

INSURANCES

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV | $16.01 | -0.02 | —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd | $15.81 | +0.12 | —
Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech | $14.13 | -0.9 | —
Dynamic Gwth Fd | $13.45 | -0.3 | —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund | $11.47 | 12.18 | — | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.25		—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.71	9.50	13.97	6mth
7-day Fnd	12.76	9.53	14.02	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.54	9.37	13.70	6-Mth
7-day Fund	12.53	9.37	13.70	6-Mth
Dollar	6.62	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chq Acc	11.50	8.50	12.53	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	12.00	8.97	13.24	Qtr
Mth. Int. Chq.	12.00	8.97	13.36	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	12.60	9.42	14.05	mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	11.70	8.74	13.00	[illegible]
Barclays Prime Account PO Box 125, Northampton 0604 252[illegible]				
High Int. Cheque	12.00	8.875	13.11	[illegible]
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	12.00	8.97	13.3544	Mth

Charterhouse Japhet plc

[illegible]

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. φ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Metal Closures	14
BOC Grp	27	Midland Bk	35
BSR	8	NEI	10
BTR	33	Nat West Bk	55
Babcock	13	P & O Dfd	35
Barclays	33	Plessey	14
Beecham	30	Polly Peck	21
Blue Circle	58	Racal Elect	15
Boots	24	RHM	12
Bowaters	30	Rank Org Ord	35
Brit Aerospace	32	Reed Intnl	60
Brit. Telecom	17	Sears	11
Brown (J.)	3½	TI	35
Burton Ord	45	Tesco	24
Cadburys	13	Thorn EMI	34
Charter Cons	18	Trust Houses	12
Comm Union	23	Turner Newall	9½
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LONDON SHARE SERVICE

1985/86 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99½	96¾	Treas. 10pcCnv 1986	99½xd	+⅛	10.02	12.53
98¾	92¾	Treas 3pc 1986	98¾	+⅛	3.05	12.35
100	97½	Exch. 10½pc 1986	99½	.....	10.54	12.51
101⅞	99¼	Treas 12pc 1986	100⅛	+⅛	11.99	11.72
99⅝	94¾	Treas 8¼pc 1984-86‡‡	99⅝	+⅛	8.57	11.16
105¾	100¼	Exch. 14pc 1986	101½	+⅛	13.80	11.38
95½	87¾	Exch. 2½pc 1986	95½	.....	2.62	9.06
104¾	100¼	Exch. 13¼pc 1987	101¾	+⅛	13.01	11.09
99½	96½	Treas 10½pcCv '87	99½	+⅛	10.31	10.86
94½	85½	Exch 2½pc 1987	94½	.....	2.65	8.57
100¾	96¼	Exch. 10½pc 1987	99⅝xd	+⅛	10.54	10.93
95⅞	89	Funding 6½pc '85-87‡‡	95⅞	.....	6.78	10.41
99¾	95½	Treas. 10pc 1987	98¾	+⅛	10.10	10.87
93¾	84½	Treas 3pc 1987	93¾	–⅛	3.23	8.56
102¾	99¼	Treas. 12pc 1987	101⅝	+⅛	11.80	10.86
95⅝	90¼	Treas 7¾pc 1985-88‡‡	95⅝	+⅛	8.11	10.42
100⅛	95½	Exch 10½pc '88	99⅝	+⅛	10.54	10.73
98⅝	93½	Treas 9¾pc Cv '88	98	+⅛	9.95	10.74
88¾	80	Transport 3pc '78-88	88¾	.....	3.38	8.46
97¾	91½	Treas. 9½pc '88	97¼	+⅛	9.76	10.71
102¾	97½	Treas 11½pc 1989	102⅛	+⅛	11.26	10.56
97⅝	90¼	Treas 9½pc Cnv. '89	97⅝	+½	9.76	10.50
85¼	79	Treas 3pc 1989	85¼	+⅛	3.51	8.38
99⅞	94	Treas 10½pc 1989	99⅞	+⅛	10.53	10.52
98¾	92	Exch.10pc 1989	98¾	+⅛	10.15	10.52
101⅝	95	Exch 11pc 1989	101⅝xd	+⅛	10.83	10.41
87¼	79	Treas 5pc 1986-89	87¼	+⅛	5.73	9.24
102⅛	95	Exch 10¼pcCv '89	102⅛	+⅛	10.04	9.51
108¾	103¼	Treas 13pc 1990‡‡	108¾	+½	12.04	10.30
102¼	96¾	Exch 11pc 1990‡‡	102¼	+⅛	10.79	10.31
108¼	100¼	Exch. 12½pc 1990	107⅛xd	+½	11.72	10.42
81¼	75¾	Treas. 3pc 1990	81¼	.....	3.67	8.43
99½	87¾	Treas 8¼pc 1987-90‡‡	99½	+⅛	8.84	10.21
101¼	91⅞	Treas. 10pcCv 1990	98⅞	+⅛	10.14	10.37
77⅝	76⅜	Exch 2½pc 1990	77⅝	+⅛	3.20	8.34
108¼	97¾	Treas 11¾pc 1991	105⅝	+⅛	11.15	10.30
		Five to Fifteen Years				
88½	77⅞	Funding 5¾pc '87-91‡‡	88½xd	+½	6.50	8.60
103⅝	93⅞	Exch. 11pc 1991	103⅝	+⅛	10.64	10.18
111¼	101⅛	Treas 12¾pc 1992‡‡	111¼	+½	11.46	10.15
100	89¼	Treas 10pc 1992	100	+⅛	10.10	10.00
101⅞	91⅛	Treas 10½pc Cv 1992‡‡	101⅞	+⅛	10.31	10.08
109¼	99¼	Exch. 12¼pc '92	109¼	+½	11.21	10.26
114⅞	104⅞	Exch 13½pc 1992	114⅞xd	+½	11.75	10.31
24⅞	19⅞	Treas 10pc 1993 (£20pd)	24⅞	+⅛	10.06	10.13
111½	100⅞	Treas 12½pc 1993‡‡	111½	+⅛	11.21	10.23
84⅝	74	Funding 6pc 1993‡‡	84⅝xd	+½	7.09	8.84
118	106⅞	Treas 13¾pc 1993‡‡	118	+½	10.65	10.30
123	112⅞	Treas 14½pc 1994‡‡	123	+½	11.79	10.21
117	105⅝	Exch 13½pc 1994	117	+½	11.54	10.35
112⅞	100⅞	Exch. 12½pc 1994	112⅞	+⅛	11.12	10.28
94⅛	84⅞	Treas 9pc 1994‡‡	94⅛	+½	9.56	10.02
110⅛	98⅞	Treas 12pc 1995	110⅛	+½	10.90	10.23
72½	61⅞	Gas 3pc '90-95	72½	+¼	4.14	7.15
100⅝	89¼	Exch. 10¼pc 1995	100⅝	+¼	10.17	10.12
115¼	103½	Treas 12¾pc 1995‡‡	115¼	+⅛	11.06	10.22
122½	109⅞	Treas. 14pc '96	122½	+⅛	11.43	10.30
94⅜	83⅝	Treas 9pc 1992-96‡‡	94⅜xd	+⅛	9.54	9.90
131¼	117⅞	Treas 15¼pc 1996‡‡	131¼	+⅞	11.63	10.24
119⅝	107⅛	Exch 13¼pc 1996‡‡	119⅝	+⅛	11.06	10.10
78⅝	67⅛	Redemption 3pc 1986-96	78⅝xd	+⅛	3.81	5.71
120⅛	107⅞	Treas 13¼pc 1997‡‡	120⅛	+⅛	11.03	10.15
102⅞	91	Exch 10½pc 1997	102⅞	+⅛	10.21	10.06
92⅛	81½	Treas 8¾pc 1997‡‡	92⅛	+⅛	9.50	9.91
131¼	117⅞	Exch. 15pc 1997	131¼	+⅞	11.44	10.33
98½	87⅞	Exch. 9¾pc 1998	98½	+⅞	9.90	9.96
80	69⅞	Treas 6¾pc 1995-98‡‡	80	+⅛	8.44	9.57
136½	122⅞	Treas. 15½pc '98‡‡	136½xd	+⅞	11.36	10.26
113⅝	101⅞	Exch. 12pc 1998	113⅝	+⅛	10.56	10.07
97½	86½	Treas 9½pc 1999‡‡	97½	+⅛	9.74	9.84
115⅞	103⅛	Exch. 12¼pc 1999	115⅞xd	+⅛	10.57	10.04
104	92⅞	Treas. 10½pc 1999	104	+⅛	10.10	9.95
102⅛	90⅞	Conversion 10¼pc 1999	102⅛	+⅛	10.04	9.95
122⅛	108⅞	Treas. 13pc 2000	122⅛	+⅞	10.64	10.05
102	92⅞	Treas 10pc 2001	102xd	+⅞	9.80	9.74
		Over Fifteen Years				
126⅛	113⅛	Treas. 14pc '98-01	126⅛	+⅞	11.10	10.21
100⅛	90⅞	Conversion 9¾pc 2001	100⅛	+⅞	9.71	9.70
114⅝	101⅛	Exch. 12pc '99-02	114⅝	+1	10.49	9.98
102⅜	90⅞	Conversion 10pc 2002	102⅜xd	+⅞	9.77	9.71
100½	90⅞	Treas 9¾pc 2002	100½	+⅛	9.70	9.69
127⅜	114⅞	Treas. 13¾pc 2000-03	127⅜	+⅞	10.79	10.10
44⅝	34⅞	Treas 10pc '03 (£35pd)	44⅝	+⅛	9.70	9.62
113⅝	100⅞	Treas. 11½pc 2001-04	113⅝xd	+⅛	10.15	9.80
102⅝	92⅞	Treas. 10pc 2004	102⅝	+1	9.74	9.69
55	46⅛	Funding 3½pc '99-04	55	+⅛	6.36	8.33
98⅝	88⅞	Conversion 9½pc 2004	98⅝	+⅛	9.63	9.65
99⅛	89	Conversion 9½pc 2005	99⅛	+1	9.58	9.60

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NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable: bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	184	.....	Fin. 13% 97/02	£117½	+2
Craig & Rose £1	£11	.....	Arnotts	380	+10
Finlay Pkg. 5p	45	.....	CPI Hldgs	55	.....
Holt (Jos) 25p	720	.....	Carroll Inds.	168	-2
IoM Stm. £1	67	.....	Dublin Gas	55	.....
			Hall (R. & H.)	64	.....
IRISH			Heiton Hldgs.	27	+1
Fund 11¼% 1988	£99⅝	.....	Irish Ropes	55	.....
Nat. 9¾% 84/89	£97⅞	+1½	Unidare	140	+7

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

FINANCIAL TIMES

Saturday March 8 1986

Boots buys Farley for £18m

BY TONY JACKSON

FARLEY, the baby food company, liquidated in January after being linked with a salmonella outbreak, has been bought for £18m by Boots.

Boots is taking over Farley's plant at Kendal, Cumbria, which was the apparent source of the outbreak, and its rusk plant at Plymouth, Devon. The group said it would keep all the brands produced at Kendal—Ostermilk, Osterfeed and Complan—which were taken off the market at the time of the outbreak in December.

Glaxo, Farley's parent, said that because the offshoot was realising a higher-than-predicted amount it expected to write off between £10m and £11m from this year's profits because of the affair rather than the up-to-£25m estimated previously.

It is understood that another bid which topped Boots' £18m offer was ruled out by Cork Gully, Farley's liquidators, because of likely opposition on monopoly grounds. Wyeth, the US-owned leader in the milk-based baby food market, which has SMA among its brands, confirmed that it had been an interested party.

Suspect stocks of baby food from the Kendal plant are being sold by Cork Gully to a Dutch company for use as animal feed, it was disclosed yesterday. Cork Gully said it was keeping a 24-hour watch on the baby food stocks in Britain and the Netherlands.

Boots said there would be redundancies among Farley's 900 workers, but it would not give details. Production would initially be lower than before the outbreak and short-term losses would result from spending on advertising to reinstate the brands.

For Boots, the purchase ends three months of indecision. The group announced in early December that it was discussing the purchase of Farley from Glaxo for an estimated £40m. Two weeks later came the salmonella outbreak, the closure of the Kendal plant and the withdrawal of its brands.

Boots then said it might be interested in buying Farley's rusk plant in Plymouth, but would be "very unlikely" to want the Kendal business. The change of heart represents a calculated risk for Britain's biggest retail chemist.

The group admitted yesterday that it did not know how salmonella bacteria had entered the Kendal plant, but said Boot's quality control staff was now in charge.

Farley employees at Kendal and Plymouth were told yesterday that they were subject to Boots' rules, rendering any employee found in breach of standard operating procedure liable to instant dismissal.

STC seeks partner after making £54m loss

By Jason Crisp

STC, the troubled telecommunications and electronics group, made a net loss of £54m last year after making charges of £109m to pay for substantial reorganisation, including redundancies, write-downs and the disposal of businesses. It is not paying any dividend for the year.

The company also announced yesterday that it was seeking a partner to take a majority stake in its electronic components subsidiary. In addition the company refused to make any comment on the future of IAL, the communications and airport services company which it bought from British Airways in 1983. IAL is widely rumoured to be up for sale.

It became clear that STC was in severe difficulties last summer only months after it raised £168m in a rights issue. In August Sir Kenneth Corfield, chief executive, resigned and Lord Keith of Castleacre, a non-executive director, became chairman. Since then there has been an almost complete change of directors including the appointment of Mr Arthur Walsh as chief executive.

Yesterday's results show that STC's turnover in 1985 grew only 1.5 per cent on the previous year to £1.997bn. The increase reflected a 10 per cent improvement in turnover by ICL, the computer company, whose sales passed the £1bn a year mark for the first time. Sales in telecommunications, once STC's main business, fell by over £10m. ICL was also the only division to improve profits, and that only by £200,000 to £71.1m.

Group profit before tax and exceptional charges was £55.5m compared with £149.8m in 1984. The drastic action taken by the company has resulted in 8,400 job cuts since then, bringing total employment to 43,200. Net borrowings have been reduced by £48.6m to £211.4m.

STC is now the second British company trying to persuade others to take a stake in its microchip subsidiary. Thorn EMI has been trying to persuade a number of foreign companies to take a stake in Inmos, its semiconductor subsidiary.

STC has already committed nearly £30m of a planned £60m investment in a microchip plant at Foots Cray, Kent, which was originally intended to make mass market memory products. The investment is being limited to the building and complex services.

Results and BT's US expansion, Page 12

Martonair expects bid from IMI

BY CHARLES BATCHELOR

MARTONAIR International, a leading British maker of pneumatic control equipment, expects IMI, the metals and engineering group, to launch a takeover bid worth about £72m early next week.

A combination of Martonair with IMI's fluid power division—consisting primarily of Norgren Enots in Britain—would create a powerful force in the £75m a year British market for pneumatic cylinders and controls.

Martonair disclosed IMI's approach yesterday in a move intended to pre-empt IMI, which expressed surprise at the disclosure of what it called "amicable discussions." IMI said it was considering its next step but would not say whether it would make a bid.

The combined group would have about 30 per cent of the UK market, which might lead to any bid being referred to the Monopolies and Mergers Commission. A reference would, however, depend very much on how the market is defined.

Mr Eric Swainson, IMI managing director, said a merger would make sense in both product and geographical terms.

Martonair is strong in valves and pumps for use in factory compressed air lines and is well placed in the West German, Danish, Austrian and Dutch markets. IMI specialises in filters, lubricators and regulators and has a good position in the US through its C. A. Norgren subsidiary. Mr Ronald Cartwright, Martonair chairman, said the company would prefer to remain independent but it expected a bid within the next few days.

Martonair faces tough competition from strong local companies such as Festo in Germany and CPOAC, a Bosch subsidiary in France, but it claims to have the broadest European coverage of any group in the sector. A strong US competitor is Schrader, acquired last October by Parker Hannifin, a large US group.

Martonair has been recovering from a dip in profits in the early 1980s. It made a record pre-tax profit of £6.5m in the year ended July 1985. It had turnover of £54.5m, 72 per cent of it outside the UK.

IMI's fluid power division contributed £5m to group profit of £22.6m and £44m to group sales of £440m (including intra-group sales) in the first half of 1985.

Mr Ewan Fraser, engineering analyst at James Capel, stockbrokers, said: "The two companies would complement each other well though the timing is surprising. Martonair is a growth company but the business is cyclical and the risk is we are fairly near the top of the cycle. IMI has a good acquisition record but it would be difficult for it to claim it could run Martonair better."

Ward White pays £94m for Payless

BY DAVID GOODHART

WARD WHITE, the fast-growing retail company whose interests include the Halfords bicycles and car parts chain, has bought Payless, the do-it-yourself retailing subsidiary of Marley building materials group for £94m.

Marley indicated last December it wanted to sell its profitable subsidiary, which has 65 stores, mainly in the south-east. The sale was prompted by a £13.58m fall in Marley's pre-tax profits to £19.56m in 1985 and continuing speculation about a bidder for the whole company.

The move virtually eliminates Marley's net borrowings and, the company says, allows it to concentrate efforts in developing its established skills in manufacturing and marketing building products.

According to Mr Philip Birch, the Ward White chairman, this acquisition takes the total spent on takeovers since November 1984 to £220m.

It paid £52m to buy Halfords from Burmah Oil then, £19m for Mayfields, the toy retailer and confectionery-maker last September and £53m for Owen Owen, the Liverpool-based department store group, a month later.

The dominant view among analysts yesterday was that Ward White had paid dearly for the UK's largest DIY retailer after Woolworth's B & Q and Home Charm's Texas. Mr John Richards of brokers Wood Mackenzie said the Payless pre-tax profit of £8.8m (on turnover of £111m) was not on a solid basis in a retail sector now suffering from over-capacity and increasing competition.

Ward White retorted that it was surprised to get the business for as little as £94m. With Sunday trading imminent and a cut in over-capacity elsewhere, the timing was good. Several other groups are understood to have expressed interest, including Woolworth and Ladbroke.

The deal was signed at 8.45 am yesterday after all-night negotiations following Ward White's insistence on a 24-hour deadline. About £20m is being paid in cash and the rest through the issue of 74.4m convertible redeemable preference shares of 10p each.

Unusually, the 10p convertible shares are being sold to County Bank, merchant bankers to Ward White, at £1 per share. They will then be sold to existing holders of Ward White shares on the basis of 32 convertible for every 100 ordinary. This is because a share premium account is needed to offset the goodwill in the Payless price. Another peculiarity of the deal is that the rights issue will stand even if the deal is voted down by shareholders.

Although earnings per share growth at Ward White has recently been slow because of new shares being issued, Mr Birch yesterday announced a profits estimate for the year ending January 31 1986, of £25m and earnings per share of not less than 22.8p — increases of 75 and 18 per cent respectively. Ward White last year reported £13.56m taxable profit on £245m turnover.

Mr Birch said no major shake-up in the Payless management or strategy was planned. Ward White shares fell 8p yesterday to close at 266p, and Marley fell 1p to close at 108p.

LME ends tin trading

Continued from Page 1

tin as security for their £350m loans are in any hurry to sell tin quickly in a depressed market.

Mr Peter Graham, senior deputy chairman of Standard Chartered Bank and co-author of the failed rescue plan, said: "There's no rush to sell." Three of the banks had previously sold tin.

The banks are generally big enough to withstand the losses. For the LME brokers the position is more difficult. Some parent companies have already shored up their trading subsidiaries with fresh funds.

Yesterday the Dalgety group injected additional money into Gill & Duffus. Brokers will be busy this weekend calculating the effects of the fixed settlement price on their companies.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			
Exch 12½pc 1990	£107⅛	+	⅛
Exch 13pc 1999-02	£114¾	+	1
Amstrad	434	+	44
Appleyard	123	+	13
Apricot Computers	99	+	19
Armstrong Equip	122	+	6
BOC	371	+	12
Bluebird Confecty.	117	+	22
British Benzol	86	+	4
Canning (W.)	112	+	12
Comm. Union	301	+	12
Ford (Martin)	131	+	5
Greggs	238	+	18
ICI	£10	+	¾
Legal & General	820	+	30
Lon & Manch. Grp.	892	+	55
Lonrho	280	+	20
MEPC	365	+	12
Martonair Intl.	525	+	115
Pres. Entertains.	108	+	13
Prudential	906	+	24
STC	132	+	16
Steetley	442	+	17
TI	485	+	14
Weir	101	+	10
FALLS:			
Ayer Hitam	150	−	20
Geevor Tin	52	−	10
NMC Invs.	55	−	25
Tronoh Mines	105	−	15
Ward White	266	−	8

WORLDWIDE WEATHER

UK today: England and Wales: overnight fog, dry and sunny. Scotland, N. Ireland: cloudy, rain. Gales in N. Outlook: Cloudy with rain. Brighter, less windy later.

	Y'day midday	°C	°F		Y'day midday	°C	°F		Y'day midday	°C	°F		Y'day midday	°C	°F
Ajaccio	C	11	52	Dallas	F	21	70	Luxmbg.	F	5	41	Perth	S	22	72
Algiers	C	15	59	Dublin	F	9	48	Madeira	F	18	64	Prague	Fg	1	34
Amsdm.	S	6	43	Dbrvnk.	S	18	64	Madrid	F	11	52	Rykjvk.	S	0	32
Athens	F	15	59	Edinbgh.	S	9	48	Majorca	C	15	59	Rhodes	S	19	66
Bahrain	S	29	84	Faro	S	13	55	Malta	C	16	61	Rio J'o	C	27	81
Barclna.	F	14	57	Florence	R	8	46	M'chstr	C	8	46	Rome	R	11	52
Belfast	S	9	48	Frankft.	C	6	43	Melbne.	F	23	73	Salzbrg.	R	4	39
Belgrd.	C	8	46	Geneva	F	7	45	Mex. C.				S'tiago			
Berlin	C	5	41	Gibrltr.	R	14	57	Miami	S	23	73	S'cisco	C	16	61
Biarritz	F	11	52	Gl'sg'w	F	8	46	Milan	Fg	6	43	Singapr.	R	25	77
Bmghm.	S	9	48	G'nsey	S	9	48	Montrl	Sn	−10	14	Stckhm.	C	2	36
Blackpl.	C	9	48	Helsinki	C	1	34	Moscow	S	8	46	Strasbg.	F	6	43
Bombay	S	31	88	H. Kong	F	20	68	Munich	C	3	37	Sydney	S	27	81
Bordx.	S	13	55	Innsbrk.	R	4	39	Naples	C	16	61	Tangier	R	14	57
Boulgn.	S	6	43	Invrnss.	F	7	45	Nassau				Tel Aviv	S	20	68
Bristol	S	9	48	I.o.Man	S	8	46	Nwcsl.	C	8	46	Tokyo	S	11	52
Brussels	C	4	39	Istanbul	C	7	45	N. Delhi	S	29	84	Tor'nto	S	−15	5
Budpst.	S	6	43	Jersey	S	9	48	N. York	C	−2	28	Tunis	R	14	57
Cardiff	F	7	45	Jo'burg	F	24	75	Nice	C	13	55	Valencia	C	12	54
Cape T.	S	28	82	L. Plms.	C	18	64	Nicosia	S	20	68	Venice	R	8	46
Chicago	S	−9	16	Lisbon	C	12	54	Oporto	S	15	59	Vienna	F	1	34
Cologne	C	5	41	Locarno	F	7	45	Oslo	S	5	41	Warsaw	C	4	39
Cpnhgn.	Fg	0	32	London	S	8	46	Paris	C	3	37	Zurich	C	5	41
Corfu	F	15	59	L. Ang.	C	15	59	Peking	S	13	55				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. Sn—Snow. S—Sunny.

Continued from Page 1

Fed cuts rate

ministration and Congress have been pushing for easier money.

Mr James Baker, US Treasury Secretary, who at a meeting of the Group of Five leading industrial countries in January indicated his approval for efforts to orchestrate a move to lower rates, said he "strongly supported" the moves.

The Bank of Japan said in its statement cutting the discount rate that it expected the reduction, effective on Monday, to help ease fluctuations in foreign exchange rates, stimulate domestic demand and correct external trade imbalances.

The bank's action following the Bundesbank the day before was understood to reflect its desire to prevent a possible shift of speculative money from D-mark to yen.

Mr Noboru Takeshita, the Japanese Finance Minister, described the cut as "very timely," and said it formed part of policy co-ordinated among major industrial countries.

Mr Yasuhiro Nakasone, the Prime Minister, said the move was also designed to bring relief to Third World debtor countries.

George Graham in London writes: The Fed's move to lower rates led foreign exchange dealers to buy the dollar, though few [illegible] vious day to predict so early a cut.

After a volatile week the dollar ended little changed against the D-mark, finishing in New York last night at DM 2.2365, unchanged from London where it had fallen ½ a pfennig. During the week it had dropped below DM 2.20 before recouping 7 pfennigs on Wednesday.

Against the Japanese currency it closed at Y179.25 in New York after easing 15 points in London to Y179.45, a net Y1 off on the week.

UK market reaction to the cuts in official interest rates at other centres was limited. Despite a widening gap between UK and world interest rates, sterling fell against the US and European currencies. The pound finished at DM 3.2525 in London, off 1½ pfennig on the day. In New York last night it closed at $1.4535 having lost nearly ½ a cent in London to $1.454.

Short US interest rates fell about ten basis points yesterday pushing the yield on six month US Treasury Bills marginally below 6.6 per cent. The key government long bond, Treasury 9¼ per cent, due 2016, closed 11/32 higher at 112 2/32 [illegible] 46 per cent.

Botha ends South African state of emergency

By Jim Jones in Johannesburg

SOUTH AFRICA yesterday lifted the state of emergency imposed last July to try to curb violence in some areas of the country and released many of the 329 people still detained under the regulations. Some remained in custody on criminal charges.

The ending of the emergency also included the lifting of restrictions on news reporting. The Government later announced, however, that it was deporting three television journalists working for the American CBS network because of their coverage of Wednesday's mass funeral in Alexandra township, near Johannesburg.

President P. W. Botha announced earlier this week that South Africa's security situation had improved sufficiently to warrant lifting the state of emergency. He gave warning however, that existing legislation would be amended to give the authorities powers to protect lives and property.

This was interpreted as implying that the police would be empowered to declare a state of emergency at any time without prior approval from Parliament.

The imposition of the state of emergency reduced the number of violent deaths in the country, but about 600 people have lost their lives since last July. More than 7,000 people were detained without trial for varying periods and 3,600 were held under security legislation. About 1,000 black schools were destroyed or damaged during the extensive pupils' boycott of classes.

The decision to expel the television journalists was made "in the public interest," according to Mr J. "Stoffel" Botha, the Home Affairs Minister. The South African Supreme Court had rejected CBS's application for an injunction stopping police from banning coverage of the Alexandra funeral.

Subsequently, CBS had acquired film of the funeral which had been screened in the US. Mr Botha said he had concluded that CBS was determined to disobey laws "in the interests of acquiring film that always results in bias and misrepresentation of conditions in the country."

Continued from Page 1

Vickers

to both bidders on the Trident programme, Mr Channon said the consortium improved on the contract terms offered by BS. The Ministry of Defence had wanted the sale deferred until the contract, the first tranche of which is worth £400m, was signed.

Dr Rodney Leach, consortium chief executive said more than 40 per cent of the yard's employees had expressed interest in buying shares and he hoped up to 26 per cent of the equity would be held by employees.

A stock exchange listing will be sought in the summer. A prospectus was being prepared yesterday for publication on Tuesday.

Dr Leach denied that the business, with order books of £1.2bn, would be vulnerable to takeover. The prospectus would limit single stakes to 15 per cent.

Sir David Nicolson, consortium chairman, said the deal represented "a turning point in industrial relations in the country."

In the Commons Labour backbenchers, who had earlier made it clear they expected the Government to announce the yard would go to Trafalgar House, recovered from their astonishment to cheer Mr Alan Williams, a frontbench industry spokesman, when he suggested that the final outcome reflected another muddle between the Department of Industry and the Ministry of Defence.

He recalled the earlier differences between the two departments over the sale of Vickers and said the tensions and differences between them had produced "the squelch of firm government."

Mr Williams condemned the sale of the yard, after £200m of taxpayers' money had been invested in it, as an abuse of public funds.

Mr Channon replied that, in view of the sale to the consortium, a complaint about an abuse of public funds had been the last thing he expected to hear.

He denied there had been any disagreement between himself and his ministerial colleagues at the Ministry of Defence.

THE LEX COLUMN

Homeward bound at the banks

Tucked away in last week's 1985 figures from the UK clearing banks was an implicit threat that must have sent shivers through every building society from Bradford to Woolwich. Having attacked the mortgage market with a vengeance last year, the UK and foreign banks' share of new advances is now running at about 30 per cent; and judging from the ambitions of the clearers, who are vowing to commit the best part of £4bn more to the market net of repayments this year, the target figure looks like 40 per cent for 1986. Strong as demand is likely to be with interest rates falling, it is hard to see the societies holding on to market share. The pressure to forgo the premium charged on endowment mortgages is but a skirmish presaging war.

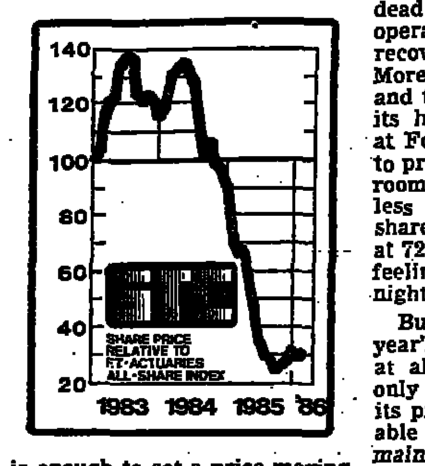
For the clearers, the advantage of a three-point spread on mortgage lending when corporate customers are haggling over basis points is too good to resist. With no bad debt experience to speak of, mortgage lending is particularly attractive given the quality of the clearer's loan books; it becomes even more so when every sort of supplementary service—from insurance to BT shares—can be pushed through an underused branch network, where the harvest of deposits has fallen by a quarter in real terms in the last 10 years. The societies may have the benefit of lower operating costs; but they are being driven down to the riskier end of the market.

It now looks a matter of months before mortgage rates fall near enough to the cost of funds to deter new entrants; and the first LIBOR-linked mortgages cannot be far away. While this week should see the big societies following the Leeds one by one into the Eurosterling swap market, they remain constrained by law in their access to wholesale funding. What happens to the underlying security is anybody's guess; but with capital flowing in abundance, houses look set to be valued as a simple multiple of the public's rising income.

Equities

The London equity market has ended the account as it began it, reaching for the sky. If the pace is slackening—the last account period saw the FT 30-Share Index rise a mere 52.8 points compared with gains of over 60 in each of the two previous periods—it is scarcely reflected in the market's behaviour. Half a rumour

Index rose 9.4 to 1308.8



is enough to set a price moving and if a company is inclined to respond to the rumour with a press release, as Lonrho did yesterday, it can double its bid premium in minutes.

Not that there was much to slow the market down this week. West Germany, Japan and the US cut short-term rates with almost unseemly haste and, if the UK is to avoid having to reapply for G5 membership, it may need to follow suit before the Budget. The steady rise in gilt-edged is keeping the yield gap with equities almost constant and the fact that the FT Industrial Group yields less than index-linked seems hardly to matter if dividends are indeed set to rise by almost a fifth in 1986. The corporate reporting season has not so far produced many disappointments and even the losers and laggards can see their share prices buoyed up by bid hopes or recovery stories. Neither STC nor Cadbury Schweppes has suffered too badly from the publication of dismal figures. In the present climate, it is difficult to imagine what might make a share price go down.

STC

Anyone taking a casual glance at the STC balance sheet might be forgiven for thinking that 1985 had been a perfectly decent year: shareholders' funds increased by £91m and net indebtedness fell by £49m. True enough, that summary would miss the fact that in the first half of the year — until the change of management — STC had been leaking cash at the rate of £1m a day, and that the subsequent turn-round operation had necessitated write-offs of £109m. Without £168m of rights capital, originally intended for strategic expansion, STC could scarcely have survived.

STC has chopped out so much dead wood since July that operating profits should indeed recover sharply this year. Moreover, a quick sale of IAL and the finding of a partner for its half-completed chip factory at Foot's Cray can be expected to provide STC with more elbow room. Such prospects more or less justify the revival in its share price: anyone who bought at 72p in the summer should be feeling well satisfied with last night's price of 132p.

But the outlook beyond one-year's loss elimination is not at all clear: ICL, the group's only business able to maintain its profits in 1985, is as vulnerable as any other non-IBM mainframe computer manufacturer: telecommunications will be searching desperately to replace the £150m of TXE4 exchange turnover that it has been doing for BT; though the optical generation of undersea cabling is probably STC's best hope for growth, the order book has yet to prove it.

Payless

Good out-of-town sites are in such short supply these days that a ready-made portfolio seems almost the only way for a new entrant to break into car-dominated forms of retailing such as DIY. For this reason, it is possible to argue that steepish premiums are worth paying for any half-way decent DIY chain; talk of somebody being prepared to pay over £100m for Marley's Payless stores has not been unusual over the weeks since they were put up for sale.

Yet it is hard to avoid the conclusion that Ward White has paid too much in offering £94m for Payless. That price includes £70m of goodwill, forcing Ward White into a contorted form of financing which throws up a sufficient amount of share premium to compensate for the loss of equity. There is some evident marriage value in doubling up Payless with Halfords on twin sites. But the small proportion of freeholds in the Payless property book does not give Ward White much of a safety net, and the older High Street shops may be rather marginal trading assets.

Having made one purchase, Owen Owen, which looked at odds with its strategy, Ward White has followed up with another that seems to be over the odds on price; patience in the City is not plentiful.

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WEEKEND FT

Saturday March 8 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

France's Renaissance

Why they love and hate Jack Lang: as the French go to the polls, David Housego reports on how the arts have become a political issue under Mitterrand's flamboyant Minister of Culture

CULTURE IS *not normally* the stuff of electoral politics; but few issues in the otherwise lack-lustre campaign for the parliamentary election next Sunday have stirred so much passion or set teeth so on edge as the policies and personality of Jack Lang, the flamboyant Minister of Culture.

Some shops in Paris are selling "J'aime Jack Lang" T-shirts—the only minister to have been accorded such an honour. The French do not generally love their politicians. On a more serious note, a distinguished group of more than 100 French and international writers, musicians, painter, actors and cinema directors — including Samuel Beckett, Graham Greene, Arthur Miller, Ingmar Bergman, Peter Brook, Barbara Hendricks, Georgio Strehler, Anthony Burgess, Marguerite Yourcenar, Catherine Deneuve, Margaret Duras and Maurice Béjart—have signed a petition praising Lang's policies as breathing fresh life into the arts and demanding that they be continued. The petition reflects the fact that the French Socialist administration has been exceptional among European governments in increasing funds for the arts during the recession.

In sharp contrast, Lang has also been the butt of virulent attacks almost weekly in *Figaro-Magazine*, the colour supplement of the newspaper *Le Figaro* and the arbiter of taste for the French conservative establishment. Most recently, *Le Figaro* has taken the lead in a campaign against Daniel Buren's sculptural project — commissioned by Lang and now being built—for the main courtyard of the Palais Royal. Buren's ambitious scheme involves transforming the courtyard into a large chessboard in which columns and half columns in black and white, and intersecting water channels, mirror the pillars of the facade. The project is part of the first major commissioning by the state of new works of sculpture for Paris and other cities since the Second World War.

Jacques Chirac, leader of the neo-Gaullist Rassemblement pour la Republique (RPR) and one of the main Opposition leaders, tried to halt the project, which is now the subject of legal action. But the conflict over Lang spills across traditional barriers that divide left and right in France. For example Jacques Toubon, Chirac's right hand man and secretary-general of the RPR, confesses to liking Buren's project. Toubon is one of the new, younger generation of Gaullist leaders, although a relentless opponent of the Socialists on most issues.

Some museum curators, while describing themselves as being strongly right-wing, will nonetheless add that Lang is "the best Minister of Culture that France has had in years." The museums have benefited from substantially increased acquisition grants and have seen projects like the costume gallery at the Louvre, which was in danger of gathering dust on the planning shelves, pushed forward at remarkable speed.

At the same time, many on the left express their discomfort at what they see as the electoral opportunism, if not blatant intellectual dishonesty, of the Socialists' recent approach to culture. What, they ask, can you make of a government that has doubled the budget for the arts but at the same time rushed to create a new private television channel that puts out the worst form of Italian-style pulp entertainment? On the other hand, the French are still hoping to create a British-style Channel 4, to which many Parisians look with envy. And what to make, as well, of a government that through the mouthpiece of its Minister of Culture denounced American cultural imperialism while providing substantial finance for Walt Disney to establish his first European Disneyland on the outskirts of Paris?

This is a debate confused by exaggeration and polemic. "Nobody can deny," President Mitterrand told a recent electoral rally at Lille, "that there has been an intellectual and cultural flowering (in France) these recent years of which we have not seen the like for a long time." In fact, there are signs that French creative activity is moving out of the trough into which it slipped after the student upheavals of May 1968. There is a mood of inventiveness in music and the dance as witnessed by the pace at which new orchestral and dance groups are springing up. French sculptors and painters like Buren, Pol Bury, Gerard Garouste, Arman, Cesar, Jean-Michel, Alberola, Pierre Alechinsky and Francois Morellet are increasingly better known abroad.

What the President really means, however, is that the Socialists' patronage of the arts has reinstated Paris as an international cultural centre. It is in France that Peter Brook can put on—first at the Avignon festival and then in Paris—his historic nine-hour version of the Indian epic, the Mahabharata; it is where Christo can find the support to create one of his ephemeral sculptures by wrapping the Pont Neuf in cloth; and it is where Zeffirelli can mount an enormously lavish production of *La Traviata* at the Opera de Paris with Zubin Mehta as conductor.

There has also been a great burst of activity in the decorative and fringe arts, from fashion to strip cartoons, porcelain, glassware, furniture and engraving. By bringing together museums, industry and the retail trade Lang has had a similar catalytic effect as the 19th century world exhibitions. Fresh life has been given to the Sevres porcelain works by commissioning designs from contemporary sculptors and painters, and by directing the production to the luxury export market. The French fashion industry has been actively involved in setting up the new costume gallery at the Louvre—and, in turn, will benefit by being allowed to use the Louvre's splendidly restored Cour Carré for fashion shows.

Lang is a complex personality. First impressions are of a foppish, languid figure who likes exotic clothes and good living. He lives in a large flat in the 17th century Places des Vosges. Notwithstanding his Socialist views, he has no inhibitions about luxury. Paradoxically, the French luxury trades complain of lack of support from previous right wing administrations—apparently more puritanical in their outlook. In the monarchical atmosphere of the Mitterrand administration, Lang is one of the most assiduous courtiers. He provides a link to the world of youth that Mitterrand's own distant and sometimes glacial personality makes difficult. When on one occasion Mitterrand tried to look "swinging" on a television programme, the result was catastrophic.

Lang is often to be seen with the President, escorting him to the opening of new museums or cultural events, and often travels with him. When Mitterrand went to Lille in February for his major election speech, Lang was in the front row with what the French press calls the "*Lang set*" or the "*Lang connection*" — the bright and the beautiful with whom Lang likes to be seen. In this case they included Francoise Sagan, the writer; Daniele Delormé and Annie Girardot, actresses; Régine Deforges, publisher of erotica; Sapho, the pop singer; Coluche, the comedian; and Jean-Marc Thibault, the theatre director.

Lang's band of camp followers gives credibility to the most damaging charge against him—that he has promoted or appointed too many friends. Nepotism has been a besetting sin of the Mitterand administration and Lang is a major exponent. Set against this dilettante image is the fact that he works hard and seriously. He is a professor of law with two theses to his name including a major reference work on the law of the sea and division of the continental shelf. As his officials at the ministry testify, he leaves his flat early in the morning and is not back until late at night. If the increase in the arts budget was not clawed back last year at a time of overall spending cuts, it was in large part because of his tireless lobbying. He is not a man to remain at his desk. He likes to think and work on the move. In a field where personal rivalries and frictions are legion, he uses his charm to great effect explaining and coaxing with a quiet lilt to his voice.

However, like most people who talk too much, Lang has said many foolish things. Among those most remembered best is an oft-quoted remark, after the Socialist victory in 1981, that France had crossed the frontier which "separates night from day." The Opposition has never forgiven him because it revived the traditional left claim, going back to the French Revolution, that reason, creativity and intelligence were on their side. After the Second World War, the best known French intellectuals and artists—Sartre, Camus, Gide and Picasso—were indeed left wing with Raymond Aron almost a lone defender of conservative values.

Another of Lang's impetuous remarks was his call in Mexico in 1982 for a "real crusade" against an American "financial and intellectual terrorism that no longer grabs territory, or rarely, but grabs consciousness, ways of thinking, of living." The remark reflected a defensiveness over the diminishing influence of French culture and language that is still apparent in initiatives like President Mitterrand's recent summit conference of French-speaking nations.

In fact Lang is a great admirer of the American cinema and of such directors as Robert Altmann, Francis Ford Coppola, Orson Welles, King Vidor and George Cukor. But Lang's Mexico speech came back to haunt the Socialists when the Government took credit for securing the deal on Disneyland — a symbol, if ever there was, of American cultural imperialism. Lang now says: "I am not against it," but adds that he would have been if the Government had not also backed a host of other initiatives to create youth and leisure parks for the young.

Lang sees his job as Minister of Culture as providing "a meeting place" or "a turntable." He has extended state encouragement to cartoonists, circus performers, rock singers and even the fairground owners who invaded the Tuileries Gardens in December complaining that TV was killing the old fairground amusements.

Lang was behind the immensely popular all-night music festivals on the Paris streets during the summer. He even tried to turn museum-going into a popular carnival with a month long "rush to the museums" campaign.

However, Lang was not the initiator of the most ambitious and costly of the Left's cultural projects — the public building programme that will change the Paris landscape radically. The impulse for that came from President Mitterrand. Remodelling and extension of the Louvre is among the major works being undertaken while others include the Musée d'Orsay on the Left Bank now being developed as a museum of the 19th century; the new Ministry of Finance building at Bercy (the first in the history of Paris with a foot in the Seine); and a vast complex east of Paris at La Villette including a science and industry city, a music city, and a 35-hectare modernistic entertainment and educational park.

Chirac calls all this "megalomania" although the Right-wing Opposition finds it difficult to condemn Government policies as roundly as it would like. Michel Guy, a former Minister of Culture, believes that Lang wins votes for the Socialists — but attacks him for wasting funds, failing to sell French culture abroad, and not having a coherent policy over radio and TV.

Jacques Toubon says the Opposition will not reverse the increase in the cultural budget — now running at more than FFr 10bn (about £1bn) or 1 per cent of government spending — while claiming it will be allocated more effectively.

That could affect the French film industry. Heavy subsidies to film-makers under Lang have only temporarily stopped the downward slide in cinema audiences experienced by most countries. Much serious French cinema is doggedly realistic, which does not make for international box office success. Prestige films that Lang has helped to finance—like Wajda's *Danton*, Youssef Chahine's *Napoleon* in Egypt, or Kurosowa's *King Lear*—have not proved money-spinners. The French cinema will be further hit by competition from the new private TV channels.

And notwithstanding the overall increase in the Ministry of Culture's budget, there have been some exceptions to Lang's munificence. The Bibliotheque Nationale (the National Library) feels starved of funds and French national museums are generally well behind Britain's in terms of layout and presentation. The Louvre is still a nightmare for visitors, with rooms unexpectedly closed because of staff shortages or renovation. The gardens of the Tuileries were already becoming a wasteground before the fairground invasion at Christmas; when Lang allowed the fairground stalls to say, Jean Pierre Weiss, director ofthe national heritage, resigned.

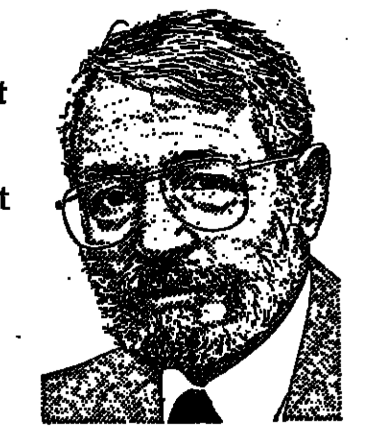
Lang is a strong believer in the beneficial effects of state patronage, invoking a French tradition dating back to Colbert, Louis XIV's minister, but his critics say he has confused two widely different things — the proper need for the state to protect the nation's cultural heritage with a misguided effort by the state to dominate creative activity. In reaction to the risk that state patronage could become suffocating, with the Ministry of Culture able to make or break artistic reputations, some gallery owners are exploring the idea of a privately funded institution that could commission works of art itself and offset the state's power.

Whatever the final judgment on Lang's reign, he has become one of the "phenomenons" of socialist rule. He *is the only minister to have held the* same office since 1981. He remains among the most popular, according to the opinion polls. He has enormously enjoyed running the arts and admits that he cannot imagine no longer being minister after the election. But apart from a last-minute upset on March 16, this looks like being the last week at the Rue de Valois.

The Long View

. . . and good riddance, Mr Chips

A short term solution to the poor quality of British management may be to hand it over to a better-performing country, but Anthony Harris suggests that our long term solution is the one being attempted by Sir Keith Joseph.



A RECENT grouse in this column about the quality of British management has produced a most frustrating mail bag. The main complaint from readers — aggrieved shareholders, former managers and some working managers — is that the facts are even worse than was suggested.

The frustrating thing is that these letters — some a good deal longer than this column— are full of the kind of chapter and verse which can only be circulated in sealed envelopes. indeed, some readers point to a kind of bad-management conspiracy, evidenced by the way Sir A and B and Lord C rise to higher office with each corporate disaster.

This is all true and unprintable, but what is to be done about it? Blaming institutional shareholders may be morally satisfying, but it does not seem to do much good; Ministers and Governors have been urging them to take a more active role for years. Banning long contracts of service, which actually guarantee large lump sums for the most incompetent, is surely overdue, but it would be a purely negative step.

One short-term approach, which might be called the Leyland solution, is to hand management over to some better-performing country; but the long-term solution is the one being attempted by Sir Keith Joseph. He is actually trying to do something about British education.

Sir Keith is not the first politician who has said that those who pay for education ought to have some say in the general way in what is taught. Mr James Callaghan said as much. Sir Keith is the first, though, actually to have tried to do something about it. His aims do not seem wildly revolutionary—to pay the market rate for scarce skills and to sack the proved incompetents—but the principle is. It is an assault on what the profession likes to call academic freedom. The encouraging thing is that there is little sign of any rush to defend this hallowed principle; Sir Keith's is a revolution whose time has come.

The history of British soppiness about the teaching profession goes back a long way. Dr Arnold of Rugby helped to establish the idea that schools were for the whole man, against the more practical Continental idea that children get character training at home and go to school to learn something.

The upper classes and their imitators heaved a sigh of relief and abandoned all responsibility for their troublesome offspring; generations of schoolteachers and dons were given a perfectly free hand in determining the purpose and content of education. Since many of them had never been outside an academic institution in their lives, they have tended increasingly to mould a system to preserve their own species. The schools provide a good basic training in school teaching. The brighter students go to university, where the brightest are taught to be dons. Mr Chips, the eternal schoolmaster, is the system's everlasting flower.

Now this may seem a perfectly natural system and certainly nearly everyone involved means very well, but the results seem to have been terribly destructive. It produces not only an odd balance in the curriculum; it might be designed to breed élitism—an ugly word with left-wing connotations. But I know no better one.

Elitism is that attitude so accurately satirised in "Yes, Minister," but it is by no means confined to civil servants. It is paternalistic and means to do good, but it combines the worst attitudes of the school prefect and the exam snob. Its basic conviction is that the elite know better what is good for other people than they do themselves, and produces a society in which the highest calling is that of the busybody.

There is nothing new in this analysis. The line of ungrateful public schoolboys stretches back to the 19th century.

All the same, it is an analysis which economists find very hard to handle, because it is impossible to quantify. The more enlightened do classify education as investment in human capital, and try to draw conclusions in their long-term forecasts. But where physical investment does respond, more or less competently to needs perceived in the market, education does not. Physical investment would be a poor indicator of growth potential if it was as likely to consist of beam engines or ocean-going schooners as of computers or oil rigs.

Economics is perhaps one of the more useful disciplines; at least, about the working world. Even here, though, the teaching profession tries to produce an army which consists entirely of field-marshals, exploring abstruse issues of theory in the humblest polytechnic department; very weak on where you look up the trend in widget trade. The best is the enemy of the useful.

It is much easier to diagnose a disease than to prescribe a cure, but experience does suggest that any cure at all must involve interfering with academic freedom, which is why Sir Keith's struggle is so important. Greater power for parents, greater private funding — perhaps through tax changes to encourage industry to go in more for this form of investment — and perhaps such schemes as vouchers or student loans could have an important role. Personally, I would like to see a stress on post-experience education; someone with some years of real work knows what he wants to learn, and why, even if the brain cells are slowing a little.

Finally, and sadly, this is a very *long-term investment*, whatever the course chosen, and provided that others are prepared to follow where Sir Keith is trying to lead. A decade to make a real impact on education, another decade to reap the fruit (and that is probably optimistic). Until then, be cautious in your hopes for a British economic miracle—and open-minded about foreign bids.

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Market continues on rocket-propelled way

IT SEEMS hard to believe that the All-Share Index has risen by almost 100 points, virtually 15 per cent, in the last seven weeks but prices have been soaring as if rocket propelled. And with the index nipping through 750 and 760 within a couple of days there are no obvious signs that the market has tired of its ascent.

Those who forecast caution 50 points or so ago are naturally feeling chastened by recent experience. Nevertheless it is hard to shake free the feeling that the sudden starburst in equity prices is not a little overdone.

To take stock, the savage drop in the oil price has encouraged widespread upgrading of profit forecasts and with the help of lower interest rates the corporate sector could see growth of 15 to 17 per cent. That compares with expectations of around 10 per cent just three or four months ago.

So a rise in prices to reflect enhanced expectations is a natural course but the market is still sitting on a prospective earnings multiple of around 12. That may not look expensive against the average sort of rating seen over the last year or two but that viewpoint is comparing a prospective figure with ones based on historic earnings.

If the next 12 months earnings are already fully discounted perhaps the market has gone too far too fast. Although with double digit earnings growth already tentatively pencilled in by the analysts for 1987 today's bulls are not going to grow shaggy coats and rise up on their hind legs to roar for bearish selling.

It has become tiresome to keep repeating that part of the market's strength is founded on hyperactive bid rumours but it is a fact of life and Thursday saw the full year figures from two major groups which are well aware that they are visibly open to attack.

The actual profit figures from TI Group and Cadbury Schweppes contained few surprises for the market, though the TI price moved quite markedly, but the real issue at stake is whether more determined management attitudes will get the trouble spots right in 1986 and 1987. In both cases somebody else could step in and show the incumbents how to do it should they fail to convince the City.

TI seems to be getting its act together. Profits last year rose by 61 per cent to £30.6m with the core business of metal bashing and domestic appliances turning in a respectable return on capital of something approaching a quarter. The only obvious remaining weakness is Raleigh bicycles which lost almost £8m in the UK during '85. The work force was cut by 30 per cent last year but TI will have to sweat more costs out of Raleigh before it is finished and it must be examining some fairly radical changes to working practices.

With £6m saved thanks to the pension fund holiday, this year might produce something around £50m pre-tax dropping the earnings multiple to the area of nine while an early stab at 1987 might suggest profits in the region of £70m.

So TI is not the sitting duck it was a year ago when the price was almost half today's level and the ambitious little Evered, sitting on 14.7 per cent of the equity with voting control over another 5 per cent, must have all but given up on hopes of getting control.

There is no reason why that stake cannot be passed on to a

London

bidder with more clout — BTR was heavily rumoured to be interested a couple of weeks ago— but even if Evered placed its shares in the market it would make a handsome profit of around £9m. And disposal could inject £41m of cash for a net balance of £30m. With that to hand the Abdullah brothers could accelerate their plans — in the area of polymers for example.

The figures from Cadbury were somewhat less encouraging than TI's. A disaster in the US left the full year down by 25 per cent to £93.3m pre-tax. Sales of £355m in North America produced a loss of £5.6m compared to a profit of £36.9m — the collapse proved to be every bit as bad as the market had feared. The basic problem was that the confectionery business had got its forecasts for the market hopelessly wrong and the costs of reorganisation claimed the best part of £30m.

Top management has belatedly been changed in the US but they will be doing well in the market's eyes if they pull profits back up to £15m or £17m this coming year. Elsewhere Cadbury is, of course, drastically reshaping its business with a string of management buy-outs but it is still an open question of whether enough has been achieved to save the group from a predator.

Assuming a £20m turnround in the US, profits this year could come out around £120m for a prospective p/e of close to 12½. That is a small premium over the sector's average, which is around 12, reflecting Cadbury's position as the prime target in *a division already inflated by* bid hopes.

All sorts of rumours are flying around the market and one person's guess is as good as the next. However, it seems like *open season for predators in the* branded goods market and a bid for Cadbury could come from almost anywhere including the US and Europe.

Yet if Cadbury can make it *through 1986 as an independent* group — and the market is right in believing that the current management can sharpen up the act — the following year could be very interesting in the wake *of the Coke deal.*

The market now has three sets of figures from the composite insurance sector to chew over — Royal, Commercial Union and General Accident. With some reservation against CU's showing, the overall picture has encouraged the City.

At the tail-end of last week Royal reported a quadrupled pre-tax profit to £41.4m, reflecting an upsurge in US profits.

With Royal having pointed the way, GA followed up with its own strong recovery taking full year profits up from £3.9m to £26.5m. The US performance was not quite as good as Royal's because of GA's greater exposure to personal business where rates are far more stable, nevertheless the numbers stacked up to a pretty impressive upturn.

For its part CU continued its recovery although the outcome was not quite as good as the market had anticipated. At the operating level there was just £200,000 of profit for the year compared to losses of £72.8m. Almost all realisable gains of £59.9m were swallowed up by *a further £59m provision in the* US and after tax the attributable loss came out at just over £30m. Still it says something for CU's confidence that it has finally got the US right by the way the dividend was held at 11.8p per share.

So far so good; the recovery was underway in 1985 and this year and next the market can expect a substantial increase in profits. Early estimates suggest £120m apiece from CU and GA while Royal could swing in with something over £200m indicating earnings multiples of 15 to 16 for the first two and a couple of points lower for the third.

Solid dividend increases are also on the way — even CU might be tempted to move up in line with inflation. So having *outperformed the market by 13* per cent in 1985 there could still be some more to come in 1986.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985/86 High	1985/86 Low	
F.T. Govt. Secs. Index	86.92	+ 1.49	86.92	78.02	Worldwide interest rate optimism
F.T. Ordinary Index	1308.3	+ 31.4	1308.3	911.0	Renewed domestic and overseas buying
AMS Inds.	83	−40	125	83	Warning of diminishing orders
Amstrad	434	+70	434	64	Successful compact disc launch
BSR Intl.	110	+17	167	40	Better-than-expected results
Bridon	144	+20	150	96	Sale of Mexican offshoot
Bristol Evening Post	625	+50	625	388	Kent Holdings increases stake to 25.4pc
Cable and Wireless	695	+62	695	444	Brokers' circular/foreign buying
Geevor Tin	52	−20	250	46	Tin rescue plan collapses
Home Charm	333	−57	390	240	Bid talks terminated
ICI	£10	+ 0¼	£10	630	Overseas and domestic support
McCorquodale	227	+24	235	130	Bid from Norton Opax
NMC Invs.	55	+28½*	100	12	"Shell" situation
Peko Oil	39	+11	64	27	Peko-Wallsend bids for minority
Peters (Michael)	145	−47	280	145	Poor interim figures
Poseidon	150	+27	228	110	Rumours of bid from Western Mining
Prudential	906	+76	906	496	Midland Bank merger speculation
Raine Inds.	50½	+12	53	16	Announcement of merger talks
Williams Hldgs.	575	+69	575	167	Good annual results

* Based on price at suspension.

Spring brings new life

A SUDDEN upsurge this week in the number of companies coming to the unlisted securities market suggests that the marked slowdown in new issues during January and February might, after all, have been a quirk rather than the beginning of a trend.

The fall-off in USM flotations was beginning to look disturbing. In the first two months of the year there had been only four new issues—Wickes, Microsystems, Brookmount and Spice—compared with 13 in the same period of 1985.

One swallow may not make a summer, nor three USM issues a recovery of the flotation rate, but the advent of BPP Holdings, Menvier Swain, and Wardell Roberts this week is at least a step in the right direction.

BPP's flotation follows soon *after that of Chart Foulks Lynch*, another USM company in much the same line of business, last November. Both provide tuition courses for accountancy exams and are benefiting from the growing demand for qualified accountants, but they differ in that about 60 per cent of BPP's turnover comes from publishing text books for accountancy exams and about 40 per cent of CFL's from correspondence courses.

A closer comparison can be drawn between BPP's activities and those of Financial Training, a subsidiary of the fully listed Park Place. BPP's three founders, Alan Brierley, Richard Price and Charles Prior, are all former directors of Financial Training and say their old firm *is still the market leader in the* provision of courses, but they claim to have outstripped it in the publication of text books.

reduced gearing from a post-

BPP's prospectus does not give a profits forecast, but says profits in the year to last December were £405,000 before non-recurring directors' emoluments of £250,000 and gives the historic p/e ratio as 14.5 — a figure which compares with nearly 20 for Park Place and 15 for Chart Foulks Lynch.

The combination of an attractive "people" business on a reasonable rating is unusual and should see the shares off to a premium when dealings begin on Tuesday.

Menvier-Swain's main business is making emergency lighting systems and fire alarms for public buildings. It finds itself in a growth market as increas-

USM
UNLISTED SECURITIES MARKET

ingly stringent safety requirements boost demand for its products, but it has also achieved notable successes in increasing market share at the expense of much bigger rivals. It now claims 25 per cent of the market for self-contained emergency lighting systems, a field in which the likes of Chloride and Thorn EMI are active, and is now taking on Gent (an MK Electrical subsidiary), Chubb and Thorn in fire alarms.

The prospective p/e ratio of 13.5 on forecast profits of £1.573m for the year to this April looks undemanding *against an historic sector average* of over 16, especially in the light of the group's trading record, and again a premium is on the cards when dealings open on Thursday.

Wardell Roberts, the week's third USM newcomer, is a Dublin-based distributor of tea, coffee and snack foods in the Irish Republic and Northern Ireland.

The most notable feature of Wardell's prospectus is the somewhat erratic profits record, with losses of I£215,000 and I£437,000 in the years to March 1983 and 1984 before a management reorganisation returned the group's profit. The placing has apparently gone well in Dublin, but with no presentation in London to explain the virtues of the company its attractions remain shrouded in mystery east of the Irish Sea.

The annual USM Exhibition, staged in London this week by FIBEX, the conference organisers, provided a useful opportunity to sound opinions on whether the rate of USM issues was drying up. The clear consensus was that it was in no danger of doing so, though stockbrokers in particular agreed that there was likely to be a hiatus around the time of Big Bang on October 27.

The accountants said the level of inquiries from would-be USM entrants was as high as ever. Tony Herron of Touche Ross said he had 75 companies on his books planning USM flotations in the next three years or so, though he conceded that a number of these would drop out: and Tom Wilson of Price Waterhouse pointed to an upsurge in interest from smaller US companies which wanted to join the USM because they were not big enough for their own Nasdaq

Terry Garrett

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Aaronite Group	60‖‖	63	60	3.15	Morceau Holdings
A. C. Cars	95*	135	85	1.90	Mr W. West
Anglo-Indo Corpn	184§	187	166††	10.92	Plant & Gen Invs
Automotive Prods	194§	189	128	109.12	BBA Group
Breakmate	220*§	215	200	7.96	Sketchley
Business Cmptr	28§§	28	20	1.64	Electronic Data
Campari Intl	49*§	54	45	4.21	Mr A. Nordin
Coats Patons	260§	257	238	719.37	Vantona Viyella
Ctry Gentlemans	890§	800	775	6.57	Bestwood
Davenports (Brw)	472	445	368	38.34	Greenall Whitley
Dew (George)	95	97	92	7.60	Bremner
Distillers	618‡§§	630	510	2.246bn	Argyll Group
Distillers	642§§	630	627	2.332bn	Guinness
First Castle Elec¶	203	200	111	52.48	Morgan Crucible
Gomme Holdings	87*	94	59	11.22	Millmine
Granada¶	292	276	236	723.65	Rank Orgn
Group Lotus¶	129½*	127	120††	22.74	GMLG
Haslemere Estates	600*§	633	505	176.83	Rodamco Prop
Imperial Group	316§§	322	242	2.389bn	Hanson Trust
Imperial Group	322½§§	322	291	2.439bn	Utd Biscuits
Inn Leisure	108	136	116	28.41	Devenish
Macarthy's Phar	275*§	380	257	36.22	Jadelle
McCorquodale	218½	227	210	111.99	Norton Opax
Newman Tonks	123½	128	96	38.70	McKechnie Bros
Somportex	28¼*§	168	27	0.79	Messrs N. Wray & C. Mattock
Sonesson	190*‖	£17½	£13⅜††	3.23bn‖	Fermenta
Spencer Clark	140*	166	131	7.03	Williams Hldgs
Staffs. Potteries	107	115	122††	6.02	Coloroll
Stanelco¶	10*§	53	38	0.54	Brand Promotions
Thomson T-Line¶	50*	161	48	0.50	Diamond
UKO Intnl	222§	214	182	31.20	Suter
Utd Com & Tech	110*§	130	70	2.75	Harvard Secs
Utd Com & Tech	141½§	130	105	3.54	Park Place
Wadkin	225	208	170††	10.50	Robinson (Thos)
Watson (R. Klvn)	275*	265	248	8.25	Coopervision
Williams (J.)	24½§	36	20	1.41	Wyndham Group

Prices in pence unless otherwise indicated.

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on March 7 1986. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended. ‖ Swedish kroner.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AMS Industries	Nov	3,070	(1,020)	6.3	(1.9)	0.83	(—)
Blagden Inds	Dec	4,160	(2,970)	8.0	(14.7)	7.2	(7.2)
British Vita	Dec	12,230	(10,450)	23.5	(22.0)	7.0	(6.2)
BSR	Dec	5,900L	(26,800)	—	(—)	1.68	(1.68)
Commercial Un.	Dec	30,500L	(37,700)L	—	(—)	11.8	(11.8)
Crouch, Derek	Dec	3,130	(1,760)	20.3	(14.5)	5.93	(5.39)
Fisons	Dec	72,300	(36,150)	24.3	(18.8)	5.5	(4.5)
General Accident	Dec	26,500	(3,900)	—	(—)	14.0	(12.0)
Hawley Group	Dec	33,000	(28,510)	12.9	(9.9)	4.6	(3.41)
Heywd Williams	Dec	5,500	(3,593)	—	(—)	6.75	(6.0)
Johnstone's Pt.	Nov	1,540	(1,520)	—	(—)	4.27	(4.0)
Lloyds Bank	Dec	561,000	(467,500)	4.4	(3.7)	21.0	(17.7)
Microvitec	Dec	1,150	(2,640)	2.7	(5.3)	1.25	(0.75)
Midland Bank	Dec	351,000	(135,000)	—	(—)	25.5	(25.5)
Nat West	Dec	804,000	(671,000)	—	(—)	28.2	(25.6)
Powerline Intl	Dec	1,580	(1,520)	7.5	(6.8)	1.8	(1.4)
Provident Fin	Dec	23,720	(19,410)	34.0	(23.7)	13.0	(10.5)
Saga Holidays	Oct	4,070	(2,550)	11.8	(9.2)	4.6	(4.0)
Stat-Plus	Dec	1,530	(1,020)	—	(—)	2.0	(3.0)
Unilever	Dec	954,000	(925,000)	133.8	(134.3)	38.24	(35.52)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Attwoods	Jan	2,650	(1,800)	1.25	(1.0)
Entertnmnt Pro	Oct	395L	(45)	—	(—)
Goodwin	Oct	353	(101)	—	(—)
Highland Elect	Oct	513	(503)	1.0	(1.0)
IFICO	Dec	250	(439)	1.0	(1.0)
Intereurope Tech	Dec	596	(678)	1.8	(1.7)
Kent, John	Nov	402	(321)	0.5	(0.43)
Mainmet Hldgs	Nov	23L	(42)L	—	(—)
Munton Bros	Dec	36	(522)	—	(—)
Peters, Michael	Dec	207	(338)	1.0	(1.0)
Ramar Text	Nov	488	(388)	—	(—)
SelecTV	Sept	116L	(157)L	—	(—)
Sinclair, W	Dec	129L	(31)	1.65	(1.65)
Stothert & Pitt	Dec	1,420L	(128)L	—	(—)
Synapse Comp	Jan	201	(168)	—	(—)
Telemetric	Dec	688L	(1,852)	0.6	(0.6)
Wolseley Hughes	Jan	16,900	(13,300)	3.5	(—)
Wood, S. W.	Sept	7	(22)	—	(—)

(Figures in parentheses are for the corresponding period)

* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

RIGHTS ISSUES

Heywood Williams—To raise £7.8m through a one for four rights issue at 150p.

Kent, John—To raise £1.25m through a one for five rights issue at 70p.

KLP—To raise £2.65m through a two for 9 rights issue at 255p.

Wolseley-Hughes—To raise £100.4m through a one for three rights issue at 425p.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

BPP Holdings—USM placing of 0.85m shares at 160p.

Glass Glover—Placing of 10m 6¼ per cent comm conv pref shares at £1.

Wardle Roberts—USM placing of 3m shares at 50p.

Waiting for the new Jag

JAGUAR'S third set of full year figures since the company was privatised are due on Thursday. They come as the political row over the future of Land Rover/BL continues and no doubt the £130m pre-tax (compared with £91.5m in 1984) which the City is expecting will be grist for the Westminster mill.

The City and the car salesmen are hoping that a firm date for the launch of the XJ40 will come soon. Originally scheduled for 1984, the car may be in the showrooms this summer and the *delay has underlined Jaguar's* limitation as virtually a one product company.

Nevertheless since privatisation the group has seen strong growth in its US sales (over 70 per cent of the total in sterling terms in the first half). So much so that the shares appear to track the dollar/pound exchange rate in spite of the considerable amount of forward covering.

Jaguar are now looking for ways to reduce dependence on the American market and it will be interesting to see whether there are any signs of a second half pick-up in West Germany, the next biggest luxury car market after the US sales.

Rowntree Mackintosh disappointed everyone, except the bidmongers, with a distinctly lacklustre set of interims. Its end of year results on Thursday should show some improvement, but only just, by producing *profits of £78m.*

Chocolate wars are costly affairs. Cadbury Schweppes is now wreaking revenge for the damage inflicted on Dairy Milk by Rowntree's Yorkie in the *early 1980s, by inflicting much* more damage on Aero with Wispa.

In this country market share is slipping away from Rowntree, overseas interests are faring little better. The company is still floundering in Europe. And in the US, although Tom's Foods and the acquisition of the Original Cookie Company should show some improvement in the second half, Rowntree's policy of steering clear of the likes of Hershey and Mars has ensured that, although it has avoided problems expected by Cadbury it has also avoided areas of real long-term growth.

The ideal solution would be to produce the Wispa, or even the Yorkie, of the late 1980s. Inventing new chocolate bars is a time-consuming and expensive exercise. Thus far Rowntree has spent a lot of time and money, but to little effect.

However much the image of industrial conglomerates has been tarnished of late — by the advertising content of Hanson Trust's controversial triangular battle for Imperial Group — BTR has continued to outperform the market, *if not by much.* Pre-tax profits of around £380m, expected on Wednesday, should do no harm.

South Africa apart, almost all BTR's divisions sport healthy growth. *Dunlop should contribute £11m or so for its nine*

Results due next week

months of consolidated profits, although the City is prepared to wait for two or three years before the real benefits of BTR's management feed through.

The US interests, construction and electrical components in particular, should emerge as the real stars. Australia has *notched up impressive growth*, but the strength of the Australian dollar should dilute its impact.

Currency is the only problem. This will be the first set of results to adopt the new accounting policy of translating currency at year end rates. With the dollar, South African Rand and Australian dollar BTR has an unhappy clutch of currencies.

The combination of healthy cashflow and the £305m gleaned from the Cornhill disposal has Dunlop peak of 95 per cent to around 35 per cent. The City expects a bid, and a big bid from BTR. Most analysts suspect BTR is ogling the US. And the only question, apart from whether there is life for BTR after Sir Owen Green, is what and when?

Guest, Keen and Nettlefolds has tidied up its activities in recent months, and so its 1985 figures, due on Wednesday, are going to be more than usually backward looking. Since year-end it has sold its fasteners division and a smaller metal-bashing subsidiary and has also clinched the merger of its forging businesses with British Steel, which is due to take effect in a few weeks' time.

The second half is always the weaker of the two for GKN. This year's result, due on Wednesday, should be no exception with six month profits of about £60m taking the full year figure to just over £130m.

In the middle of last year GKN shifted to using average exchange rates, a move which flattered its first half results. However, there will be no *escaping the effects of the lower* dollar in the second half. In local currency terms, US manufacturing operations should have done well, although there may have been a slight slowdown in distribution profits. The largest improvement will come from Europe, where demand recovered after a slow start to the year. Exchange rates will amplify European profits making them the largest single contributor to the group.

In January, Consolidated Gold Fields alerted City *analysts to the fact their 1986* forecasts were too high. Accordingly, numbers have been cut back, and the average forecast for first half profits due on Wednesday is for a 9 per cent decline pre-tax to £40m.

Last year's results contained a series of extraordinary gains from land sales and other asset disposals, not likely to be repeated this time. Furthermore, results from Newmont and Renison have not been encouraging, with Newmont making a small above the line contribution and a large below the line loss due to write downs and closure costs. Meanwhile Renison is suffering from the collapse in tin prices, and its contribution for 1986 could be 50 per cent lower than last year.

While ARC's full year results will be hurt by freezing weather in January and February, first half profits should be adequate, and will be boosted by the Bath and Portland acquisition.

The sharp drop in crude oil spot prices, now languishing below $15 a barrel, will have come too late to impact on *Royal Dutch Shell's 1985 performance. Full year figures due* on Thursday should see group net profits of £3.2bn (against £3.65bn) or £3.27bn (£3.36bn) on an underlying current cost basis.

The group's fourth quarter should have produced a good result — *perhaps breaking through the £1bn net income* level for the second time this year. Apart from the seasonal upturn in oil and gas production, downstream trading is forecast to have been strong. Shell Oil has already produced its fourth quarter figures, giving net profits of $652m ($591m) for the year although perhaps as much of $250m of this was due to exceptional credits.

While the group's 1985 net income will be lower than that for the previous year, the main blame for this seems certain to have been adverse exchange rate *movements. Estimates give the* currency effect on this year's figures as around £400m at the pre-tax level. Further, 1984's outturn was boosted by both stock profits while next week's figures are expected to contain some provisions for stock losses.

With most of the first quarter in the bag already, what will be of greater interest to the market next week, however, is the group's approach to 1986 given the collapse of oil prices. Analysts are projecting that group net income might fall by a third if an average of less than $15 a barrel persists *for the whole year.*

Lucy Kellaway

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	6.50	6.61	5.19	3.77	half yearly	1	—	0.7
High interest cheque	9.00	9.31	7.31	5.32	quarterly	1	2,500 minimum	0
3-month term	8.25	8.51	6.68	4.86	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Income bonds	12.00	8.88	6.97	5.07	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.47	9.69	7.61	5.54	half yearly	1	2,500 minimum	0
Schroder Wagg	8.60	8.95	7.03	5.11	monthly	1	2,500 minimum	0
Provincial Trust	9.34	9.75	7.66	5.57	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75% Treasury 1985-88	10.46	8.22	6.98	5.74	half yearly	4	—	0
10% Treasury 1990	10.43	7.54	5.98	4.42	half yearly	4	—	0
10.25% Exchequer 1995	10.21	7.27	5.68	4.11	half yearly	4	—	0
3% Treasury 1987	8.52	7.71	7.22	6.73	half yearly	4	—	0
3% Treasury 1989	8.43	7.58	7.06	6.55	half yearly	4	—	0
Index-linked 1988¶	9.26	8.70	8.40	8.08	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Ansbacher, Henry	Friday	1.5	—	—
Antofagasta Holdings	Monday	5.0	15.0	5.0
Appleyard Group	Thursday	—	3.0	1.5
BBA Group	Thursday	0.84	0.9	0.84
British Assets Trust	Thursday	0.4375	0.4375	0.475
BTR	Wednesday	2.875	3.625	3.75
Camellia Investments	Thursday	4.0	6.0	5.0
Candover Investments	Tuesday	—	2.0	—
Cattle's (Holdings)	Thursday	0.6	0.9	0.725
Collins, William	Thursday	2.0	4.5	2.375
Edinburgh Fund Managers	Tuesday	1.0	3.0	2.0
Federated Housing	Tuesday	1.0	2.0	1.1
Guest, Keen and Nettlefolds	Tuesday	4.0	6.5	4.5
Invergordon Distillers	Friday	1.5	2.75	1.5
Jaguar	Thursday	—	3.0	—
Kleinwort, Benson, Lonsdale	Tuesday	5.0	9.0	6.0
Laidlaw Group	Monday	1.1	1.4	1.1
Low and Bonar	Monday	2.12	5.8	3.0
New Danen Oil Trust	Thursday	—	0.325	—
Nichols, J. N. (Vimto)	Wednesday	2.5	2.75	2.75
Pentos	Tuesday	—	0.175	—
Persimmon	Monday	—	1.79	—
Phicom	Monday	0.35	0.75	0.35
Ransomes Sims and Jefferies	Monday	4.8	11.2	1.5
Robinson Brothers (Ryders Green)	Tuesday	—	—	—
Rowntree Mackintosh	Thursday	3.6	7.4	4.0
Royal Dutch Petroleum	Thursday†	2.85	6.75	4.5
Shell Transport and Trading	Thursday	11.9	21.1	12.5
Systems Designers	Thursday	0.1	0.24	0.15
Transport Development Group	Monday	1.6	4.0	1.7
T and S Stores	Monday	—	1.575	1.2
Tyne Tees Television	Thursday	3.0	7.5	3.0
Ultramar	Wednesday	3.5	6.5	4.0
United States Debenture Corporation	Wednesday	2.25	3.73	2.25
INTERIM DIVIDENDS				
Bejam Group	Wednesday	1.75	3.0	
Bridport-Gundry	Thursday	1.45	3.55	
British Telecommunications	Thursday‡	—	—	
Continental Microwave	Monday	1.75	2.25	
Dunton Group	Friday	—	0.24	
Framlington Group	Tuesday	1.5	3.5	
Lawtex	Wednesday	0.75	0.75	
Microfilm Reprographics	Tuesday	0.5	1.0	
Mucklow, A. and J.	Wednesday	2.25	2.797	
Parker Knoll	Monday	3.0	6.5	
Shandwick	Monday	—	—	
Yarrow	Monday	2.6	9.5	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Fl per share gross. ‡ Third quarter figures.

هكذا جاء بالأصل

The sweet sound of interest cuts

FOR WEEKS Wall Street has been dancing to the tune of plummetting oil prices but this week interest rates have moved back to centre stage as the world's central bankers played the kind of music that the financial markets had been longing to hear.

The interest fate movement had got off to a shaky start. The month-long rally in the US credit markets came to an abrupt halt on Wednesday when some of the more highly-strung members of the investment audience thought that the massed bands of the world's central bankers were going to miss their cue.

However, it was nothing more than a little stagefright and by Thursday the West German Bundesbank sounded the opening note with a half point cut in its discount rate. The Bank of France followed with a delicate quarter point cut in its intervention rate and after an overnight interlude, the aBnk of Japan returned with a Far Eastern rendition of the popular theme.

By yesterday morning, everyone was waiting for Mr Paul Volcker, chairman of the Federal Reserve and the maestro of the central banking community, to step on to the podium. Shortly after breakfast the Fed announced a half

Wall Street

point cut in the discount rate which had been stuck at 7½ per cent since last May, and less than 30 minutes later, Chase Manhattan Bank led a chorus of bank prime rate cuts.

On the eve of yesterday's discount rate cut, the Dow Jones industrial average was standing at 1696.60 and the Standard & Poor's 500 index was standin gat 225.13, just below last week's record levels. With six month US treasury bills yielding 6.7 per cent and long term US government bonds yielding 8.2 per cent, the US financial markets had been betting heavily that the authorities would match the dramatic drop in world oil prices by bringing down their interest rates.

The question now is how much lower can US interest rates go? The answer will hold the key to the direction of the equity market over the next few months. A year ago US government bonds were yielding close to 12 per cent. It is hard to see the yield dropping another 200 basis points in the near term. Indeed, some analysts argue that over the next nine months interest rates will rise—not fall.

Mr David Jones, a noted Fedwatcher at the New York firm of Aubrey G. Lanston, is expecting the US economy to pick up speed as a result of the impact of declining oil prices and a faling dolar. He argues that by the second half of the year the US economy could be growing at an above average 5 per cent and long-term US government bonds will be yielding 9.5 per cent. If this is anywhere near correct, the punters on Wall Street who are confidently talking of the Dow Jones industrial average reaching 2000 before the year end had better rethink their strategy.

The Dow Jones industrial average has risen by over 30 per cent since the end of September and share prices are discounting a considerable amount of good news which is making some investment managers decidedly nervous. When Business Week mazagine devotes its cover story to the bull market, as it did this week, and boasts "The stock market rally is far from over. Here's why," it could be time to tiptoe to the sidelines.

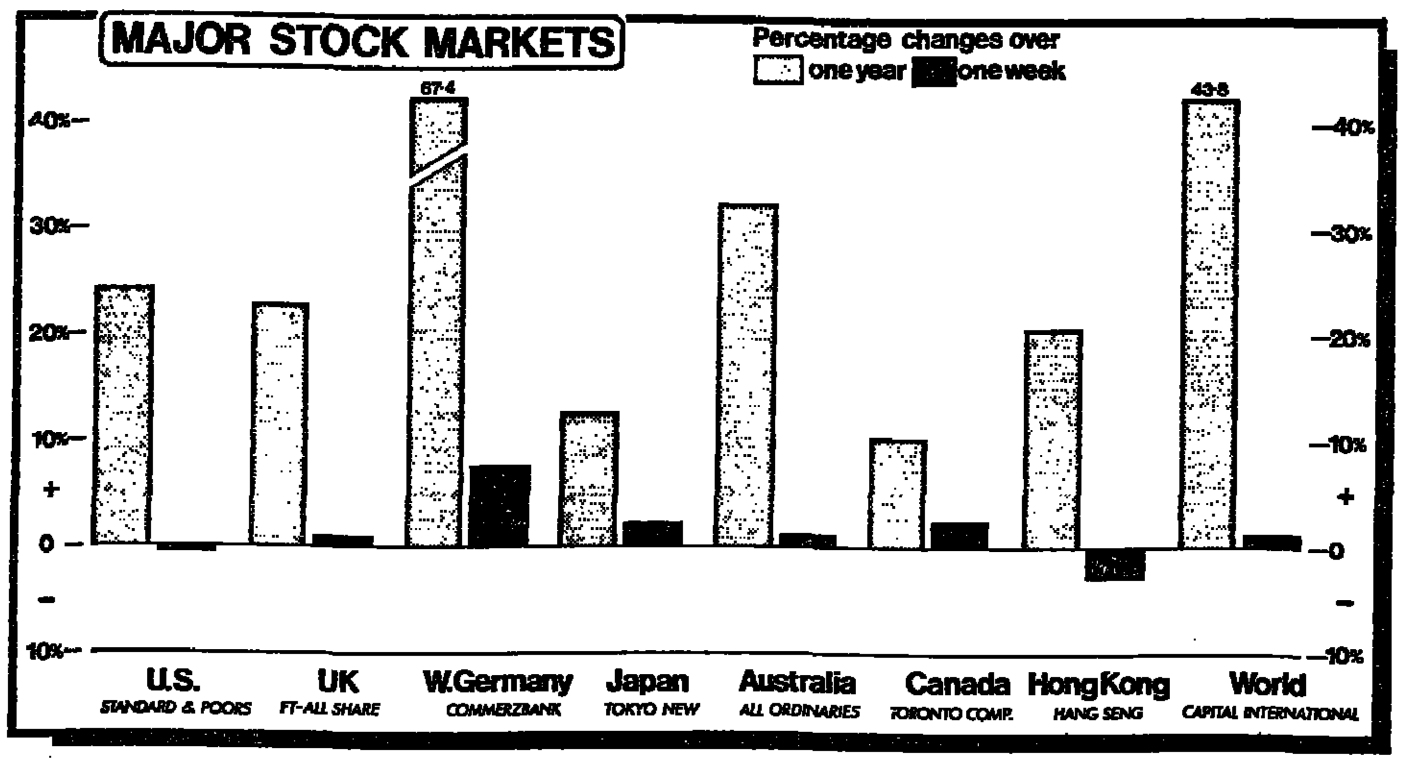
Aside from the benefits of lower oil prices and interest rates, the stock market has been buoyed by hopes of a solution to the US budget deficit problem without the need for tax increases plus the prospect of continued non-inflationary economic growth.

At the individual stock level, there has continued to be considerable divergence of performance. *IBM shares have continued* to soften despite the market's upward move and by Thursday evening its shares, which not so long ago touched $161, were being traded at $146¼.

The major casualty of the current market rally is the oil sector and this week it began to become clear that it was not just the reputations of the big oil companies suffering. Amerada Hess, a rather secretive company which has major overseas interests, shocked the market by passing its dividend because of the chaotic conditions in the world oil markets.

MONDAY 1,696.67 −12.39.
TUESDAY 1,686.42 −10.25.
WEDNESDAY 1,686.66 +0.24.
THURSDAY 1,696.60 +9.94.

William Hall



Prices rally post New Year

HONGKONG LAND so often a mirror of the state of the British territory's economy, may this week have provided just the boost the languishing stock markets needed when it announced it is resuming dividend payments for the first time since the local property market crashed more than three years ago.

Before the Hongkong Land announcement on Thursday, share prices had slumped to their lowest levels for four months. The high spirits that provided an almost unassailable optimism in the weeks leading up to Chinese New Year—lifting the hang seng index to a four-year high of 1827—had completely dissipated.

A 30 point fall in the index on Wednesday, sweeping it to a close of 1664.32—9 per cent below the January high point—was a fair reflection of the gloom that had gripped market operators. Many were insisting that there was further to fall.

While many of the factors causing concern remain unchanged, the Hongkong Land announcement—aticipated by almots no-one—is likely to have a direct impact on the stock market's critically-important property sector. It will also boost Jardine Matheson, which holds a 35 per cent stake in Hongkong Land, and has been starved of any return on its investment for the past three years. The domino effect in what is a notoriously emotional market could be widespread.

Negative forces nevertheless remain strong. The Hongkong dollar, linked to the US currency since 1983, has weakened against most foreign currencies as the US unit has fallen in value in recent weeks. This has eroded the value of Hong Kong stocks for many international institutions, and prompted them to sell steadily in recent weeks.

Another important depressant has been the crisis triggered in Singapore and Malaysia by the collapse of Pan-Electric. Investors from South East Asia have been the primary buying

Hong Kong

force in the Hong Kong stock markets over the past year, and the emergence of problems in these economies has been a *double blow to Hong Kong.* First, the flow of investment has dried to a trickle. Second, many investors have been forced to liquidate Hong Kong holdings to meet liabilities closer to home.

While these selling pressures have emerged, local investors have stayed aloof from the widespread apprehension over Hong Kong's political future after 1997 when China regains sovereignty and investors can at present earn higher returns on investments in the US or Australia.

As expected in the weeks ahead of Chinese New Year (which this year fell on February 8) the Chinese in Hong Kong spend all spare cash on presents and festivities. Signals early in January that some local companies were planning share flotations in the first half of this year also prompted investors both at home and overseas to keep their hands in their pockets.

Cathay Pacific, Hong Kong's de facto flag carrier, plans to raise about HK$ 1.3bn by offering about 15 per cent of its shares to the public, while Macao Tourism and Amusement (MTA), which mainly reflects Stanley Ho's casino gambling monopoly in Macao, aims to raise HK$1.5bn by floating 25 per cent of the company.

With a number of smaller issues—like the Sing Tao newspaper group, Shangri-La Hotels and the Cafe de Coral fast food chain—the new issue queue amounts to almost HK$3.5bn. While there is no doubt that Hong Kong's stock markets can easily absorb issues on this scale, they have provided reluctant investors with good reasons to stand aside from the market for the time being.

Sir John Bremridge, Hong Kong's outgoing Financial Secretary, contributed to the depression by disclosing in his budget speech late in February that the colony's gross domestic product had grown by just 0.8 per cent in 1985—compared with more than 9 per cent in 1984. In per capita terms, GDP had actually contracted by 0.3 per cent.

His forecast that economic growth of 4.5 per cent in 1986 will be underpinned by strong export growth was greeted by scepticism by many observers who see protectionist sentiment deepening in the US, import growth in China grinding to a halt, and markets like Japan remaining doggedly impenetrable. Such a setting suggests that Hong Kong's hard-pressed textile and electronics companies cannot yet be optimistic about prospects for 1986.

In the weeks ahead, a flow of generally improved corporate results could aid sentiment, as those of Hongkong Land did this week. An upturn in profits has already been signalled—and therefore discounted—for many months, but they will have to be exceptional to have a powerful cheering effect.

In a month's time, Hong Kong's four stock markets are to be amalgamated into a new, totally - computerised unified exchange. Such a sea-change ought to provide the setting for a buoyant mood among local operators. A problem, however, is that some of the more traditionally-minded Chinese stockbrokers have begun to grumble that the "feng-shui" of the new exchange is poor. Feng-shui is the impact of spiritual influences on the future.

Success in remedying any misalignment of these mystical forces, that flow powerful through the minds of many superstitious Chinese, may provide an important next step in turning the market round—and in pushing the Hang Seng index towards the 2000 level so widely forecast early in the year.

David Dodwell

Weak currencies boost profits

JUST AS a smile of sunshine can take one's mind off the cold, biting wind, so the 1985 results of CRA gave a warming impression at first reading this week. The **Rio Tinto-Zinc** group's big Australian arm announced brightly that net profits for the year had almost trebled to A$87.8m (£43.5m).

On top of this there were extraordinary gains of A$28m from the sale of no-longer-needed office buildings in Melbourne and also of the group's timber interests. So this brought total net profits for the year to A$115.8m, or 23.4 cents per share, against only A$29.5m for 1974. The final dividend was thus raised to 10 cents for a year's total of 15 cents against 8 cents.

Then, one or two dark clouds gathered. The first was the news that while net profits before the extraordinary items rose in the second half of the year to A$54.1m from A$33.7m

Mining

in the first six months, they only did so because of a tax reduction arising from the deduction of foreign exchange losses. This was worth A$33.3m, so "real" second-half earnings wer only A18.8m.

NO 20—8/8‡

Nor was this all. CRA went on to say that while the iron ore and coal operations did well, those in aluminium, zinc, lead and copper had to live with weak prices in terms of US dollars. But the day was saved by the conversion of mining revenue into weak Australian dollars, even though this made the payment of interest on foreign currency borrowings more expensive.

In other words, it is only the weakness of the Australian dollar that is bolstering CRA profits. Perhaps the Australian dollar will remain weak against the US dollar in which metals are priced, but it is an uneasy situation.

CRA, no doubt, wants to put its earnings ont he sounder foundation of reduced costs and better productivity, but this may be more difficult to achieve in Australia than, say, North America.

Domestic currency weakness is also a major factor in profits of the South African companies. It boosts revenue of the gold mines which also sell their product on the basis of US dollar prices. Thus **Anglo American Gold Investment**, the **Anglo American Corporation** group's gold share holding company has enjoyed a record year.

Net profits for the 12 months to February 28 have advanced by 42.5 per cent to R336.5m (£116.2m) and the final dividend has been lifted to 825 cents, making a year's total of 1,450 cents against 1,025 cents last time. However, the current year's results may not be as good if the South African rand continues to improve against the dollar.

Results are also due next week from **De Beers**, the South African diamond giant. Here again, they will benefit from currency weakness but they will also reflect the continued improvement in the diamond market.

This seems now to be strengthening to the point at which De Beers might consider raising diamond prices later this year; the last increase was of 3 per cent for gem diamonds made back in April 1985. A further increase would, of course, enhance the value of the group's big stockpile of unsold diamonds.

Another currency that has seen better days is the Irish pound, or punt. This will provide a modest bonus for **Ennex International**, the Canadian **Northgate** group's Irish exploration company if, as now seems virtually certain, it develops a gold mine in the Sperring Mountains of County Tyrone.

This week, Ennex has said that the project has moved out of the exploration stage to the level at which the company is working on studies of the likely profitability of a mining operation. For starters, Ennex has outlined 537,000 short tons of ore with a good gold content of 8.4 grammes per ton of ore.

Peter McAleer and Andy Meldrum, who head up the Ennex team are mining men down to their fingertips, unlike some of the Australian exploration hopefuls who live in comfortable offices in Perth. McAleer and Meldrum did not argue with me this week when I suggested that there was a good deal more gold ore to be found in the Sperrins.

They know far better than I that this is true, but their immediate concern is to get a mining operation going as soon as possible in order to produce an early cash flow. Given the necessary planning permission mine production could be reached in about 12 months' time.

Kenneth Marston

Taxation

The year ends

WITH THE Budget imminent and the end of the tax year following shortly thereafter, precious few days are left in which to put the final touches to your 1985-86 tax planning. There is no time left for delay: you will have to act now if you want to adopt a sensible tax strategy.

One of the most valuable tax shelters for most people is their pension scheme. For the self-employed (and those in non-pensionable employment) who do not have imposed upon them the discipline of regular contributions to a company pension scheme, it is important to review their level of contributions to personal retirement annuities this year.

The maximum that qualifies for tax relief in 1985-86 is 17½ per cent of net relevant earnings, with higher limits for those born before 1934. On top of that, you can add any available unused relief brought forward from earlier years.

Premiums paid are normally deducted from taxable income in the year of payment. However, an individual may elect on or before April 5 that a premium paid in 1985-86 be carried back and subject to the relevant limit for the year) be relieved in 1984-85 or, if there were not relevant earnings that year, in 1983-84.

If premiums paid in any year fall short of the maximum allowable relief, the unused amount may be carried forward to increase the maximum within any of the following six years.

Everyone is entitled to one or more personal allowances in a year. The basic allowance for 1985-86 is £2,205 and, if it is not fully used, the unused amount is lost. Where allowances may go to waste, ways of generating some income or substituting tax inefficient income, such as bank or building society interest on which basic rate tax is not repaid, should be looked at.

A deed of covenant represents an effective way of providing income to a person, such as a child, in this position. Parents, however, can only provide in this way for their adult children although grandparents may support their grandchildren of whatever age.

The deed must provide for payments to continue for more than six years (or three in the case of payments to charity); hence the usual seven or four-year covenants. A payment made now will count as income for 1985-86 even though it covers the coming year to March 1987.

Covenanted sums must be paid under deduction of tax at 30 per cent and the recipient may reclaim the tax if he has no tax liability. Where the recipient is a charity, the covenantor may deduct up to £10,000 gross covenanted payments from total income, so obtaining relief at the higher rates of tax. To benefit from these advantages in 1985/86, a valid deed must be entered into, and payment made, on or before April 5, 1986.

It is widely rumoured that the Chancellor is considering changes to the system of tax reliefs for charitable giving. As such a course may affect the rules for covenants and extend beyond charitable covenants, it may be wise to complete any non-charitable covenants — and make the first payment before Budget Day.

The first £5,900 of net capital gains are exempt from tax in 1985-86; any balance is subject to capital gains tax at 30 per cent. "Net gains" are arrived at after deducting any losses over the year. Unused losses of earlier years may also reduce chargeable gains, but such losses (unlike current year losses) are deducted only to the extent required to reduce the current net gains to the £5,900 exemption limit.

Only one £5,900 exemption is available to a married couple. Losses of one spouse are normally set off against the gains of the other, but an election may be made (by July 5, 1986) to use losses of each spouse separately, in cases where this is desirable so as to obtain the maximum benefit from the annual exemption.

A portfolio of investments should normally be reviewed before the year-end with a view to seeing what use can be made of the annual CGT exemption. This year the review may already have been carried out with the accrued income scheme in mind. A disposal of securities now will give rise to a liability for the accrued interest, although the complete CGT exemption for gilts and qualifying corporate bonds does not operate until July 1986. So a CGT liability or loss (ignoring the accrued income element) can still arise on stocks held for less than twelve months.

One major change since 1984-85 is that last year's Finance Act has reintroduced the ability to bed and breakfast shares, provided they are not sold within ten days of reacquisition under the bed and breakfast operation.

One tax shelter that can hardly escape notice is the Business Expansion Scheme. Up to £40,000 may be invested annually in new share capital of one or more qualifying companies. For relief to be given in the current year the shares must have been issued in 1985-86. Relief is not given merely on investment in one of the approved funds but only once the managers have subscribed for the shares on the investor's behalf.

A range of other considerations may be relevant. For instance, people with company cars should review their business mileage for the year. The scale charge is increased by half unless this mileage exceeds 2,500 miles for the year, and is halved if it is at least 18,000 miles.

Certain bonuses or directors fees may be better paid for National Insurance purposes before the year end as the employer's liability may only arise on half of the payment rather than the full amount.

Again, those married couples who normally consider whether the wife's earnings should be taxed separately, must make a final decision on this for 1984-85 by April 5 1986.

Finally, the annual CTT exemption for 1985-86 is still £3,000 and a husband and wife are each entitled to their own exemption. Any unused part may be carried forward for one year only and it is then utilised after the annual exemption for the following year. If you are in a benevolent frame of mind, it may be better to make gifts in the current year.

Malcolm Gammie

Stock market

Equities still look bright

MARCH IS often a quiet month on the stock market for small private investors. 1986 may prove to be an intriguing exception.

As the financial year nears its end and the Chancellor's Budget approaches, investors could usually be forgiven for taking things easy and concentrating on putting their tax affairs in order rather than entering the market place. This year, with share prices rising steeply and fears of inflation diminishing, the pros and cons of an aggressive stance are especially finely balanced.

Leading stockbrokers are divided on the question of how far the present bull market inequities can continue unchecked and how far gilts prices can rise. Broadly, they agree that opportunities exist for significant gains in some sectors.

As far as Phillips and Drew is concerned, "the market is not yet at its peak." The firm is still advising private clients to buy equities, although it concedes that, in some cases where share prices have risen especially steeply, there is a case for profit taking.

The firm is advising new private clients to put 50 per cent of a portfolio into equities, 25 per cent into gilts, and to keep 25 per cent in cash (reflecting the high interest available on bank and building society accounts).

For Hoare Govett, the medium term outlook for equities is "relatively bright;" especially since the firm expects interest rates to fall by 2 per centage points in the near future. But in the short term Mr Brian Baughan, the firm's Head of Private Client Services, believes the stock market has gone up too far.

He advises new investors to wait for the inevitable setback and then go into the market, placing 60 per cent of a portfolio in British equities. Again, he sees shares in stores, banks, and pharmaceutical companies as particularly attractive.

The recent rise in gilts prices, he argues, has been based almost entirely on expectations of a fall in interest rates—but this has been fully discounted in the market, so that there is no reason to expect prices to rise any further. He is, however, taking a very optimistic line on European equities, which, he thinks, should make up ten per cent of a private client's portfolio.

At James Capel brokers are "very cautious," according to Mr Brian Tora. "We feel there will be a setback in equities but the market will probably not be any lower at the end of the year than it is now. But we feel enthusiasm has been running slightly ahead of reality."

The firm is advising a model portfolio invested 50 per cent in UK markets, weighted 2-1 in favour of equities against gilts. That leaves a further 45 per cent which should be in overseas markets (whether stocks or bonds), and five per cent left in cash.

In the UK, share purchases should be selective, focusing on particular industrial sectors such as building materials, mechanical engineering, stores, and food retailing, where there is room for a re-rating of shares.

Quilter Goodisons' Mr Paul Killik likewise sees stores and food retailing shares as undervalued, with consumer sectors, an especially attractive prospect, since economic forecasts indicate that consumer spending is likely to grow. His model portfolio, for private clients, would have 15-20 per cent in gilts and cash, a further 15-20 per cent in international equities, invested through a growth fund as a means of achieving a proper spread across different markets, with UK equities making up the remaining 60-70 per cent.

He remains "cautiously optimistic" about the equity market. "There may be a technical hiccup in prices but it is not likely to be big enough to present a good reason for not buying now," he said.

Nick Bunker

Malcolm Gammie makes Budget predictions

Reading the entrails

IS PLUTO favourably aspected with Venus in your astrological star chart? And what baleful influence might Saturn or Uranus exercise over you on March 18? The season of Budget predictions is now in full swing and those commentators who might at other times pour scorn on the utterances of newspaper astrologers and on the credulity of their readers, would themselves give an arm and a leg to have sight of the tea leaves at the bottom of the Chancellor's Treasury cup.

Increases in thresholds and allowances, reductions in tax rates, changes in employee share incentives, abolition of capital gains tax, amendments to the CGT indexation rules, or to the accrued income scheme and bond washing, abolition of mortgage interest relief: the Chancellor cannot be short of ideas given the amount of unsolicited "advice" he has received on the subject.

One thing that he will not be doing this year is implement the Keith Committee proposals on Inland Revenue enforcement powers. That must wait at least another year.

The publication of a Green Paper on the taxation of husband and wife looks probable. Such issues as the transferability of tax allowances and the aggregation of income will be examined, or so it is predicted, and also (the crystal ball is cloudier here) the integration of the tax and NIC and benefits systems. If some of this sounds familiar, it is: the last Green Paper on the taxation of *husband and wife was issued in* 1981. If you want a safe bet, this is one Budget announcement that will not affect you directly before the next election.

The omens augur ill for the City and its financial institutions. It is widely rumoured that some new levy designed to take the cream off somebody's milk is under consideration.

Still in the City, it is widely hoped that the Chancellor will further alleviate the burden of stamp duty on share sales. Complete abolition seems unlikely, given that the tax raises about £1.2bn. That exceeds the yield in 1983-84 before the rate was reduced from 2 to 1 per cent. As it has been estimated that share transactions will rise a lot more as a result of that reduction, a further cut to 0.5 per cent may not be unduly expensive.

The Financial Services Bill currently before Parliament is likely to trigger a number of changes in the tax system as it affects investment institutions such as unit trusts, for example. On the basis that the tax system generally lags behind other legislative developments, one should not anticipate any Budgetary action just yet on this front.

The changes in the National Insurance contributions system last year have given a boost to the provision of benefits in kind. The Chancellor has scope to alter the rules of this game at any time by amending the relevant regulations. But even if *he does so choose, no real resolution* of the inconsistencies and opportunities that exist will be achieved until the nettle of integrating income tax and National Insurance is grasped. That is not expected to be a proposal on the dispatch box on March 18.

The Chancellor is, however, likely to address the future of the BES, and perhaps announce some further restrictions designed to pop the corks of fine wine companies and the like. The scheme is due to end in April 1987, and since October last year the Chancellor has been in possession of a report by Peat Marwick Mitchell and Co which should help him decide what to do. While giving income tax relief on equity investment may be an appropriate incentive to savings and investment, the absence of a corresponding charge on disinvestment favours short term saving over the long term.

If you wish to end with a prediction, it would be for the continuation of BES in a permanent but modified form, with less favourable incentives on disinvestment and some new form of medium through which investments may be made. If, on reflection, you prefer informed discussion of the issues to be addressed on March 18 over rash prediction, you could not do better than study the IFS Green Budget 1986.

(Institute for Fiscal Studies, Budget Briefing 1986, Report Series No 20).

Distillers, Imps and the small shareholders

Sit tight or cash in

BRITAIN'S TWO biggest takeover battles—for Distillers, the drinks group, and Imperial, the tobacco to brewing business—have developed into extremely rough and tortuous fights; writs for defamation are flying, the Bank of England and the Stock Exchange have had to issue new conduct guidelines, and the protagonists have been abusing one another in tones of studied contempt.

But amid all this sound and fury, what should small shareholders be doing about their investments in Imperial and Distillers?

In terms of bid timetables, there is no need to take any immediate action, since both battles have some way to run. However, some investors may be tempted to sell in the market.

Imperial, which has agreed to a £2.4bn takeover bid from United Biscuits, has yet to see whether the Office of Fair Trading will give the green light to the merger, following United's promise to sell off Imperial's snacks business if victorious.

That verdict apart, the next landmark will be March 14, when Hanson Trust's rival and recently increased bid reaches its next closing date. However, few shareholders are likely to accept its offer then, since they will be awaiting further developments in the United camp.

On March 18—coincidentally, Budget day—United shareholders will hold an extraordinary general meeting to decide whether to back their management's ambitious offer for the much larger Imperial. Assuming they do, the first closing date of United's increased offer is March 21.

But the takeover timetable allows the battle to extend for a further 39 days beyond that date, and given the reluctance of fund managers to decide on bids till the eleventh hour, the fight could continue till late April or even longer if there is a fresh offer.

Based on this week's share prices, the Hanson and United offers are broadly similar in value, varying between 310p and 340p on the mix of shares, cash and convertibles, though Hanson has the advantage of a full cash alternative at 293p.

Hanson has said its offer is final. United has left open the option of raising its bid, though this does not seem particularly likely, given that it could face underwriting difficulties and earnings dilution if it did so.

The battle may therefore turn on the relative strength of the Hanson and United share prices underpinning the present offers, and the confidence Imperial shareholders have in the abilities of the two sides to squeeze the best performance out of the company.

All this means that many shareholders will want to sit tight in the faint hope of a higher bid and the knowledge that the Imperial share price is underpinned by the Hanson cash alternative. That said, those of a nervous or bearish disposition and with no Capital Gains Tax problems, may wish simply to take their profits now by selling in the market.

Similar considerations apply in the case of Distillers, where an agreed bid from Guinness is pitted against a hostile one from Argyll.

At present, the Guinness bid has the edge on price—its cash alternative is pitched at 630.3p a share, against Argyll's 600p.

However, the Guinness bid still faces a potential stumbling block. To overcome the reference of its initial bid to the Monopolies Commission, it has agreed to sell off Distillers brands to reduce the combined group's UK whisky market share to 25 per cent.

Argyll failed this week to get the High Court to overturn the Monopolies Commission's decision to release the Guinness bid from its clutches. However, Argyll is appealing.

But it is far from clear that the OFT will accept that the repackaged bid is sufficiently different to give it the green light.

The next closing date of the Argyll bid is March 20, with Guinness' following on March 26. But *no-one will wish to* accept either without knowing the OFT's advice to the Government, and the cautious may well wish to sell in the market before then.

If Guinness does get the go-ahead, it is just conceivable that one or both of the bids might be raised again. That would put a very full value on Distillers, but in the present charged atmosphere, companies seem prepared to pay very high prices for victory. Small shareholders should simply thank their lucky stars.

Martin Dickson

IN THE NEWS

BUILDING SOCIETIES have had to bow to market pressure and abolish the premiums which they have been charging on endowment mortgages. Lloyds Bank, the first clearer to drop them for new borrowers, has also had to do so for existing borrowers.

Four of the five major societies—the Halifax, Abbey National, Nationwide and Woolwich—have all announced a 12.75 per cent flat rate for all mortgages. The Leeds Permanent is expected to follow suit after its board meeting on Monday. The move will cut the cost of a £30,000 endowment mortgage over 25 years by £8.75 a month.

All four societies are dropping the premium immediately for new borrowers but are delaying the cut for existing borrowers either until June 1 or earlier if there is an interest rate change.

●

THE FIRST British unit trust to invest exclusively in Dutch equities is being launched today by EBC Amro Bank, the London-based merchant bank*ing subsidiary of Amsterdam*-Rotterdam Bank. The minimum initial investment is £500 and £250 the minimum additional investment.

EBC Amro sees high liquidity and turnover as the main attractions of investing in the Amsterdam Stock Exchange where many companies traded are household names in Britain.

The exchange has consistently outperformed the UK, Tokyo and US stockmarkets and in the past year has risen by 41 per cent

Investing exclusively in Dutch equities, the fund will nonetheless be extremely vulnerable to sharp setbacks in Amsterdam and should be viewed only as part of a wider portfolio.

●

BRITAIN'S largest life company, the mighty Prudential Assurance Company, this week formally threw down the gauntlet to the building societies by officially announcing its entry into the house mortgage market.

With over 9,000 agents, the Pru, with its home sales force, is the most strategically based competition to challenge the building societies. It is looking for at least £500m on mortgages in its first year.

●

CROWN Financial Management, the holding company for Crown Life Assurance and other financial service companies, is launching three new specialist unit trusts — Crown Japanese Trust, Crown European Trust and Crown International Technology Trust.

●

MIDLAND BANK claims to have stolen a march on its high street rivals by becoming the first clearing bank to offer a unit trust which invests in other unit trusts. From Monday, it will be selling units in Midland Managed Portfolio, which will invest in the bank's existing range of 10 funds with a combined value of £168m.

●

AETNA LIFE Insurance Company has expanded its product range into the gilt market, with a gilt-edged bond and a gilt-edged pension bond. This move, at a time when equity markets remain buoyant, anticipates a substantial fall in the near future in interest rates from the current high levels offering record real rates of return.

The bonds do not have any front-end load (usually 5 per cent). Instead they will be charged an annual management fee of 1.25 per cent and there will be penalties on early cash-in during the first five years.

Alice Rawsthorn highlights unconventional Business Expansion Schemes

No notion need be too eccentric

WHEN THE business expansion scheme was first conceived, the Government perceived it as a way for young, innovative companies to secure venture capital. And for innovative, the Government read technological.

The conventional sources of venture capital, or so the Government's thinking went, were too conservative, too unimaginative to grasp the potential of technology. As a result Britain's young software houses, hardware suppliers and micro-computer retailers were starved of launch capital. Offering tax advantages to affluent investors looked like a logical solution.

As the business expansion scheme has developed the definition of "innovative" has expanded to accommodate any idea too idiosyncratic for the conventional venture capitalist to grasp. In the past month or so, an airline, an entrant in the America's Cup and a theatre have all tried to coax capital from investors through the scheme.

The airline, Highland Express, is the product of Randolph Fields, one of the founders of Virgin Atlantic. Fields plans to raise £3m to operate what will effectively be a Scottish counterpart to Virgin, offering cheap flights from Prestwick to New York and Toronto.

British America's Cup Challenges is asking investors for £3m to finance the British entry in next year's America's Cup in Perth, Western Australia.

The capital raised will send two boats, one of which will be entered in the race, and a crew to Perth. Part of the investment will be recouped from revenue raised by sponsorship, and part by entering the yachts in future events.

The theatre, the Playhouse on Northumberland Avenue in London, has lain "dark" since 1955. The Playhouse Theatre Company aims to raise £1.4m to renovate the building—one of the finest examples of Edwardian architecture in London—and to form a production company to stage plays for the West End, the provinces and for television.

One of the more mundane functions of the scheme has been to emerge as a source of funding for the fast-growing field of retail franchising.

In many ways franchising is ideally suited to the business expansion scheme. Given that the franchiser assumes responsibility for manufacturing and marketing, the start-up costs for the franchisee are relatively low and the business can be launched on a flexible basis by opening as many or as few retail units as the issue's subscription allows.

Lockton Retail, which is one of two business expansion schemes sponsored by the merchant bank, Guinness Mahon, has already raised its minimum subscription to launch a chain of leather furniture stores under the Leatherland franchise and is now aiming for its maximum subscription of £7.5m. Should it prove successful, Lockton Retail would be one of the largest schemes in the current fiscal year.

Meanwhile, City Shops is a consortium which aims to generate £3m to open a chain of shops to sell H-Plan modular bedroom furniture. And First Retail Stores is asking investors for up to £5m to establish a group of franchises for Stefanel, colour-co-ordinated Italian knitwear.

"Greypower" has emerged as another popular area. Scheme after scheme has surfaced in recent weeks to coax capital for old people's homes.

Pax Hill is an established old people's home which plans to raise £440,000 to open a second "community of care" for the elderly. The Sunhill Group already operates two nursing homes in Sussex and aims to open a third by generating £504,000 through the scheme, while Guardian Care hopes to secure up to £2m to expand its homes in Norfolk and Lincoln.

But the most prolific area for business expansion schemes is "Budget beating." In recent years the Chancellor has used the Budget to weed out schemes which seemed incompatible with the Government's original concept. Farms and pure property have already been excluded and this year the Chancellor is expected to pounce on hotels, fine wines, and possibly art and antiques.

Perhaps predictably the sort of schemes that fall foul of the Government frequently find favour with investors. Among the stream of hotels that have surfaced to beat the budget, Saint Hotels, which aims to establish a chain of hotels in central London, raised its minimum subscription of £1.5m within 10 days.

Southdown Hotels is asking investors for £1.1m to expand its existing hotels and to acquire new hotels on the Hampshire/Sussex border. Meanwhile, the Park House Hotel in Shropshire is seeking £750,000 for renovation.

Fine wines issues have flowed too. Shaftesbury Vintners is looking for just under £300,000 to expand its business as an importer and distributor of Australian wines. First Fine Wine, which aims to raise £1m to trade in Bordeaux wines, fine Burgundy and vintage port.

Although investor interest in the business expansion scheme has never been higher, the market shows every sign of saturation. So many schemes have surfaced in recent weeks that the available issues are asking investors for an estimated £105m, nearly as much as the scheme raised in the whole of the last taxation year.

ISSUE	VALUE	SPONSOR
British America's Cup Challenge	£3m	Guinness Mahon
City Shops	£3m	Baltic Asset Management
First Fine Wine	£1m	none
First Retail Stores	£5m	Robert Fraser
Guardian Care	£2m	Douglas J. Townley
Highland Express	£3m	Parsons
Lockton Retail	£7.5m	Guinness Mahon
Park House Hotel	£750,000	Mercia Venture Capital
Pax Hill	£440,000	Baden Powell Chilcott
Playhouse Theatre Company	£1.4m	Chancery Securities
Saint Hotels	£5m	Johnson Fry
Shaftesbury Vintners	£300,000	Afcor Investments
Southdown Hotels	£1.1m	Pointon York
Sunhill Group	£504,000	Pointon York

Leisure, pleasure, profit

SINCE the advent of Channel 4, independent television production has expanded rapidly in this country. From Brookside to the Business Programme, Channel 4 commissions a wide range of programmes from the independent sector. The BBC is now actively considering how to liaise with the independents.

Traditionally, independent producers have turned to conventional sources for venture capital. But the Film Management Company, headed by former BBC producer Neil Zeiger is appealing to investors for £500,000 under the business expansion scheme.

The company plans to produce feature films and television drama, principally for American television and cable companies, but also for Channel 4. Its first project — The China Egg, for Channel 4's Film on Four series — is already under way.

The Film Management Company is co-ordinating its own issue, with the help of its accountants, Dearden and Farrow. The issue is open indefinitely, but the company hopes to close it before the end of the fiscal year.

Theme parks have had a rough ride in recent months. The concept which sent generations of American children rollicking around roller coasters and gawping at Mickey Mouse has proved difficult to translate into Britain. Britannia Park in Derbyshire has already called in the receivers, while Wonderworld in Corby is still on the drawing board.

Nonetheless, Pleasureworld, the theme park and holiday centre group in Suffolk, is asking investors for £3m through an issue sponsored by Electra Management Services and Guidehouse.

Pleasureworld expects to make a loss in the current financial year, but by reducing borrowings with the proceeds of the issue, it expects to bounce back into the black.

The joint sponsors have underwritten the minimum subscription of £500,000 and a series of institutional and individual investors have already committed £431,000. The issue of up to 1.48m shares of 145p each will close on April 14.

In a more rarefied area of the holiday field, Education through Theatre aims to raise £1.3m to establish a "purposeful" activity holiday centre" to offer cultural courses to British and American students.

The issue, of up to 1.3m shares of £1, is sponsored by Truman Services International, the subscription list will open on Monday and may be closed at any time thereafter.

Meanwhile, the Event Group is looking for £800,000 to expand its chain of Benetton knitwear and Duo shoes shops. The issue, which is sponsored by Williams de Broe Hill Chaplin, opens on Wednesday and will close on April 2.

The business expansion scheme was originally intended to boost technology and in the stream of schemes which surface each week a few do fulfill the spirit of the scheme.

Electrostore aims to raise £700,000 to expand three established companies — Ampmace, Chromalock and AM Components—all working within the commercial or industrial electronics field. The company has traded profitably for the past four years and should produce profits of £95,000 on turnover of £923,000 in the six months to December 31.

The issue of up to 1.4m shares of 50p each is sponsored by Strauss Turnbull and will close on April 3.

When the business expansion scheme first surfaced investors tended to opt for funds rather than to run the risk of direct investment in individual ventures.

The stockbrokers, Hoare Govett, launched the first Hoare Octagon Information Industries Fund last year. The second fund surfaced this week with a technologically inclined portfolio encompassing telecommunications, electronics, advertising and the media.

The minimum subscription is £2,000 and the fund plans to raise between £300,000 and £600,000. The issue will close on March 26 and Hoare Govett hopes to invest the bulk of the capital before April 5.

A. R.

Weed out the weak

WITH SO many business expansion schemes streaming onto the market, it has become increasingly difficult for investors to choose between them. A series of BES information services have surfaced to impart "objective" advice on the whys and wherefores of the available schemes.

The stockbroking firm of Stancliffe Todd Hodgson has introduced a BES advisory service for private investors. The brokers will scrutinise the new issues, weed out the weaker schemes and present each investor with a suitable portfolio of between three and six issues to invest in. The progress of the portfolio will be monitored in six-monthly reports.

This service will be offered free to private investors. Stancliffe Todd Hodgson will be paid by commission from the sponsors of the issues and investors will be told how much commission has been paid.

Business expansion schemes have even spawned their own magazines. Two specialist publications have been introduced to assess the feasibility of new issues.

BES Magazine — the self-styled "definitive guide to the business expansion scheme" — analyses each new issue as it comes onto the market and offers an overview of the schemes that are already available. The March issue monitors 27 new and 13 existing issues. The magazine is published by Private Investor Publications and a standard subscription is £49 a year.

Best BES has just been launched to fulfil a similar function. It will sift through the new issues and put together a "manageable" portfolio of what it considers to be the more promising schemes.

It is published by BES Investment Research and the introductory subscription is £85 a year.

A. R.

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William Dawkins surveys the Business Expansion Scheme's tangled and crowded field

Fingers are burned in the search for a star

NEVER BEFORE have investors been showered with such a huge choice of glossy brochures inviting them to put up cash for ventures in the Business Expansion Scheme.

Yet this is one area where it is all too easy to have too much of a good thing. Fine wine, country hotels, nursing homes and golf courses—the list of businesses cleverly designed to provide as much investment security as possible within the scheme's complex rules seems endless.

The mere heavily asset-backed ventures have rushed to raise cash before any Budget changes can ban them from the scheme, while others have been jolted into action by the approach of the end of the tax year on April 5. A stampede has resulted, in which many companies are unlikely to get the cash they want and in which some investors risk getting bruised.

At least half a dozen companies have had to scrap BES offerings in the past few months because they failed to raise their minimum subscriptions, a sign that investors are getting more wary and a stark contrast with the almost feverish enthusiasm with which the scheme was welcomed in its early years.

Around 50 single company issues are now in the BES market looking for £104m or more between now and the end of the tax year, estimates John Harrison of BES Magazine. And that does not include the more than £13m still being sought by BES funds, which invest in a spread of companies. The total is only just short of the £126m raised under the BES for the whole of 1984-85, according to provisional Treasury figures released lsat week.

"The whole thing is getting ridiculous. No way will they raise all that money," says Charles Fry, chairman of licensed securities dealers Johnson Fry, which has raised more than £30m for BES companies in the past 18 months.

Ever since the BES was launched in 1983, investors have tended to wait until their tax positions are clear towards the end of the fiscal year before putting cash into the scheme. Companies seeking finance have grown wise to the fact that they have a better chance of raising cash—and on better terms because investors are in a hurry to place their money before the April 5 deadline—if they wait until the last minute.

But the stampede has become so hectic this year that investors are exposed to several dangers. One risk is that subscriptions for an issue which falls short of target might not be returned until after Budget day on March 18, when it is widely expected that the Chancellor will tighten the rules. Wine dealers and hoteliers in particular are feeling uneasy about their prospects of raising BES cash after the Budget.

There is also the danger that a large number of issues will only just succeed in raising their minimum targets. The risk is that they will as a result be seriously undercapitalised, which could hamper their future performance. In any case, raising second rounds of finance under the BES can be extremely difficult and time-wasting for small businesses.

Recent fund-raising flops cover a wide spread of sectors, so it is impossible to say which kinds of business activity should be avoided. Several supposedly safe asset-backed ventures have received just as harsh treatment as the unfortunate BM Industries.

Granville & Co, the small investment bank, has withdrawn two issues in recent months because they failed to attract enough money. They were Stapleford Park, a conutry hotel project looking for at least £4m, and English and Continental Porcelain, seeking a minimum of £650,000 to deal in 18th century porcelain. Other non-Granville flops include Kentuck International, a bloodstock breeder, Trent Eel Farms and Fine Country Homes, which was seeking up to £3m to convert mansions into holiday retreats for Americans.

The lesson for investors, says John Spiers, an associate in stockbrokers W. Greenwell, is "to invest only in things which are underwritten or which have already exceeded their minimum subscription."

The last minute rush opens up a different risk for people investing in funds, which have been pushed more than ever into the background by the cascade of direct issues. Funds can only offer full tax relief if they are fully invested into small businesses by the end of the tax year, much to the annoyance of their promoters. Direct issues offer tax relief as soon as they get the money. This means fund managers may have only a month or two in which to find suitable companies—not exactly good circumstances for making considered investment decisions.

One group, Singer & Friedlander, even returned £500,000 to prospective investors at the end of last month because "there were just not enough suitable propositions," says Michael Sellers, a director. Meanwhile, John Hall-Craggs, director of Oakland Management Holdings, which has just pulled in £1.3m for its Alpha V fund, complains: "The rules are putting ridiculous pressures on us and making the market artificial."

As the market has become more competitive, so sponsors have turned to all kinds of marketing techniques to grab investors' attention. So much so, that the Department of Trade and Industry issued a warning to sponsors recently that sending reminder letters, press clippings and other non-prospectus material to potential investors contravened the Companies Act.

More legitimate marketing tactics include the offer by BESure fund — an Anglo-American Trust vehicle — of an insurance policy to limit losses on investments made on clients' behalf. Guinness Mahon, meanwhile, promises to lend up to the full value of shares bought in Lockton Retail Stores and Locton Inns, which are each looking for £7.5m under the bank's sponsorship.

Despite the sometimes wild promises of riches contained in the more exotic BES brochures, the scheme has so far failed to come up with any spectacular investment successes. "The industry is handicapped by not having any stars," admits Oakland's Hall-Craggs.

There has, on the other hand, been a fair sprinkling of failures. The liquidation last week of J. Barlow, a Nottingham knitwear group which had raised £400,000 from Charterhouse Expansion Fund before hitting terminal management problems, provides a sobering reminder that the BES is a risk business. Harrison estimates that 20 per cent of BES companies financed in 1983-84 have gone bust, though it is unclear whether the failures run higher among funds or direct issues.

THE BES, now coming to the end of its third season, permits individuals to offset the cost of buying shares in unquoted companies against their top marginal tax rates.

It has fired the imagination of many thousands of investors, who put more than £230m int onearly 1,300 companies in the two years to last April 5, according to the latest Treasury estimates.

Originally intended to provide capital for businesses which would have found it hard to raise finance on normal commercial terms, it has also been exploited—as graphically illustrated by much of the advertising in today's FT—by more solidly based propositions.

To qualify for tax relief, investors must put up at least £500 but not more than £40,000 in any one tax year. The limits are shared by married couples. Relief is withdrawn if the shares are sold within five years and the scheme is confined to British residents. Employees, partners or paid directors cannot claim BES relief for investments in their own companies. Investors who individually control more than 30 per cent of the company are also denied relief.

Investments in single-company share issues qualify for relief immediately in the case of existing businesses, or four months after trading has begun in the case of start-ups. Funds can only offer full relief once they are fully invested. If they are only partly invested by the end of the tax year, then relief is scaled down proportionately.

Anybody who borrows to make BES investments can also offset interest charges against income tax so long as the company is closely controlled (has five or less shareholders) and so long as he or she owns more than 5 per cent of the equity.

Companies qualify for the BE Sso long as they are UK-based—foreign subsidiaries are out—are not partnerships and are not listed on the stock exchanuge or unlisted securities market. They can, however, be traded on the over-the-counter market, a telephone share dealing service conducted outside the stock exchange. Several categories of financial groups, farms and property developers are banned from the scheme.

Companies have to stick to these conditions for three years after the shares are issued if investors are to get tax relief. If, for instance, a group begins to receive more than 20 per cent of its income from royalty payments within that time, it will be deemed to have become a financial group and be breaking the rules.

If BES investors are in a minority position and have no board seat, then they would be powerless to stop this happening. So it is sensible to check in the prospectus what proportion of the shares are being issued and how investors' interests will be represented. Fund investors are usually safer in this respect because fund managers tend to insist on monitoring their companies closely.

WHAT A £10,000 BES INVESTMENT COSTS, AT DIFFERENT TOP MARGINAL INCOME TAX RATES

Tax rate (%)	Value of relief	Net cost of investment
60	£6,000	£4,000
50	£5,000	£5,000
30	£3,000	£7,000

Brokers

Beware the dreaded computer

AT A TIME when brokers are wooing the small investor it is disconcerting when they make mistakes, especially when they are pretty offhand about putting them right. As one who had missed the boat on the Laura Ashley issue I was momentarily rather pleased to find out that Phillips and Drew, a broker I had used mainly for buying and selling gilts, had bequeathed me 300 Laura Ashley shares. I discovered this only when they sent me a contract note for the sale of shares, on which I had apparently made a profit of £126.

Maybe I should simply have said no more, signed the transfer note and authorisation for my bank, and waited to see if I would be allowed to keep the paper profit. Instead I rang Phillips and Drew and was referred to their business settlement department in Brentwood, whose response was, "Oh just throw it away" and put the phone down. Rather offhand I thought, but decided to let it pass until I next needed to speak to my broker.

But a week or so later I received a further communication from Phillips & Drew informing me that they had bought on my behalf 3,000 shares in Micro Focus at 185p—an investment of £5,500. This time I was really alarmed. In the first place it was clearly not a one-off error, since this and the Laura Ashley sale were not matching transactions.

More importantly, Micro Focus was most certainly not a company I would want to put my money into—even if I was optimistic enough to view it as a recovery stock. It was only two months back that this troubled computer software group had reported a first half loss of £2.82m. While the pundits might still see Micro Focus as a stock with "definite recovery potential," and a "worthy speculation," it was hardly one that a small investor like me would care to leap into.

It was clearly time to ring Phillips & Drew. The response from the business settlement department was much as before but, given my past experience, not exactly surprising. When I phoned the private client department in the City the response was a little more solicitous. There was at least an attempt to explain the errors.

It was, of course, all put down to "the computer," which seemingly can't differentiate between HUGHM 001, HUGHM 0001 and HUGHM 00001.

Phillips and Drew admitted that since accounts had been "computerised" they did get muddled, and bargains got wrongly credited. But they claimed an undefined "safety net" which caught "60 to 70 per cent" of these errors. Having now identified me correctly they have since written to apologise for the fact that I had slipped through it.

Since I had not signed any transfer or other documents I have not suffered any loss, nor has there been any legal breach by Phillips and Drew. The real harm of such an experience is to undermine clients' confidence in their brokers.

Margaret Hughes

Index-linked gilts

Low yield but high gain

FOR A supposedly inflation-proof investment, index-linked gilts have done a pretty poor job of keeping up with inflation over the last 12 months. They have shared to a limited extent in the rally in the rest of the gilt-edged market over the last few weeks, but are still lagging shamefully over the longer term. If you pay income tax above the basic rate of 30 per cent, however, index-linked gilts could be a bargain you cannot afford to miss.

In the month of February, index-linked gilts gave a total return of 3.1 per cent, which compares favourably to the 0.9 per cent you could earn on money market deposits. But it falls a long way short of the 7.5 per cent total return on conventional gilts with between five and 15 years left to run, and of the 8.4 per cent return on longer dated conventional gilts.

Over the last six months, by contrast, the return on index-linked gilts is only 0.4 per cent, compared to 7.4 per cent for medium-dated gilts and to 8.1 per cent for long gilts. Inflation over this period has been about 1.1 per cent.

These low returns make dismal reading for large institutional investors who like to trade their gilt portfolios actively. For individual investors who are patient enough to wait until their gilts reach maturity, however, the index-linked sector now offers attractive guaranteed returns: currently between 3¼ and 4 per cent above the inflation rate.

If you pay basic rate tax, the yield compares favourably with ordinary gilts; if you pay higher rate tax, the lure is irresistible. Only National Savings certificates provide a comparable return for the top rate taxpayer, and your investment in these is limited to £5,000 for each issue.

For higher-rate taxpayers index-linked gilts offer the advantage that their nominal dividends are very low. This element, on which income tax must be paid, is therefore small, while the capital gain is much larger. It is already free of tax if you have held the gilts for longer than a year, and from July it will be tax free, no matter how long you have held them.

The index-linked sector has, however, been unpopular among investors as the feeling grows that inflation, if not licked, has at least been reduced to manageable proportions. But this feeling may be exaggerated, as far as private investors are concerned.

Our table compares index-linked gilts with similar conventional gilts for people paying tax at different rates, if both stocks are held until their redemption date. It shows the "break-even inflation rate": the level of inflation at which the returns from the two are equal. If you pay 60 per cent income tax, for instance, you would have to believe inflation will be less than 2.4 per cent a year to prefer the conventional gilt Transport 3 per cent 1978-88 to Index-linked 2 per cent 1988.

The table shows that someone who pays no tax would have to be pessimistic about the prospects for inflation to prefer index-linked gilts to conventionals. A break-even inflation rate of 7 per cent for the 1988 index-linked stock is much higher than most forecasters expect.

The National Institute of Economic and Social Research, for example, is predicting inflation of 4 per cent this year and 4.5 per cent in 1987. The London Business School forecasts 3.8 per cent and 3.3 per cent respectively.

If the economic pundits are right, then it is a toss-up for basic rate taxpayers whether they choose index-linked or conventional gilts. But for top-rate taxpayers the choice is easier. You have to expect inflation to be very low to pick the ordinary fixed coupon gilts.

"For the private investor these yields cannot be ignored," says Mark Cliffe, chief economist at stockbrokers Capel-Cure Myers. "The equity market or conventional gilts may outperform, but there is a risk there. The index-linked stocks will take you over the next bear market."

George Graham

WHEN INDEX-LINKED GILTS BEAT CONVENTIONALS

	Breakeven inflation rates at Zero tax	30% tax	60% tax
IL 2 per cent 1988	7.0%	3.8%	2.4%
IL 2 per cent 1990	6.7%	3.8%	3.0%
IL 2 per cent 1996	6.6%	3.8%	2.2%
IL 2½ per cent 2011	6.2%	4.1%	2.7%

Source: Capel-Cure Myers

Offshore funds

UK taxman reaches far

OFFSHORE FUNDS first caught the imagination of UK private investors from about 1979, when the suspension of exchange controls made it considerably easier for individuals to shift their savings out of the country. A widely-publicised tax loophole added to their popularity and funds managed in tax havens such as Guernsey, Jersey and the Cayman Islands experienced a rapid inflow of cash.

There is still widespread confusion over what offshore funds are and which savers can benefit from them. This is in spite of the fact that since a change in Inland Revenue rules in 1984 they have offered almost no tax advantage for UK residents.

For tax purposes, the Inland Revenue defines an offshore fund simply as an investment entity based outside the UK, and then differentiates between two types of fund. An offshore fund can be designated as a "distributor fund" if the Inland Revenue is satisfied that it distributes at least 85 per cent of its income in dividends, and that it fulfils certain other technical requirements. A UK resident is liable to pay income tax on the dividends he receives from a distributor fund, and capital gains tax on profits made from selling any of his shares.

If an offshore fund is not designated a "distributor fund," then the investor is liable to pay income tax on all benefits he gets from his investment—whether in the form of dividends, or in profits from sale of shares. The only exception applies to increases in the value of his holding which occurred up to January 1984 (when the rules were changed). These are liable to capital gains tax.

If fact, only two classes of people now have any tax reasons for offshore fund investments. Expatriates who are not liable to pay UK taxes may prefer to invest in a fund based in a country with lower taxes. Second, high-earning UK residents who pay income tax at high marginal rates can, for tax planning purposes, make use of so-called "roll up funds" which pay no dividends. Investors realise their gains when they sell the shares.

To the financial services industry, offshore funds are more strictly defined to mean funds set up as investment companies in a tax haven outside the investor protection and tax regulations which govern investment and unit trusts in this country.

In practice there are three main types of fund. First, some funds invest in a range of equities and bonds: the range can be wider than in the UK, offering the investor access to specialised sectors such as Eurobonds, because these funds are not subject to stringent limits on the securities they can invest in. Secondly, there is a range of high-risk funds which, again, invest in vehicles prohibited to onshore funds.

These specialised funds have an appeal for investors seeking to diversify an existing portfolio. But the greater the degree of specialisation (particularly in fields such as commodities) the higher the risk.

Third, there are currency or money funds, which invest on the money markets and offer a wholesale money market interest rate to investors. They are denominated in a range of currencies: the investor either chooses the currency (bearing in mind that changes in exchange rates may greatly affect the value of his deposit), or opts for a managed fund. The fund manager then takes over the task of switching the deposits between currencies to give the investor the best return.

These may attract, for instance, small businesses which lack a finance director but are looking for a higher rate of return than they might get from a UK bank account—suggesting that the real attraction of offshore funds may be their flexibility and convenience rather than their tax status. Schroder Wagg's Guernsey subsidiary, for instance, offers a portfolio selection fund—which has 19 classes of shares, invested in 19 different sectors: the investor can switch between them "very easily" according to the company.

Nick Bunker

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On wings and prayers

Kleinwort Benson has helped launch a new kind of Islamic financial institution, Michael Field reports.

IT TAKES a brave company to go into the Islamic investment business today. With the losses made by Islamic banks in the Middle East in the past two years and the criticism which has been directed at them by people ranging from disappointed depositors to the Governor of the Bank of England, Islamic financial institutions have earned a bad reputation.

Undaunted, Kleinwort Benson have teamed up with the Falcon Investment Corporation to launch the Islamic Fund, an open-ended unit trust, which, in accordance with *Shariah* (Koranic) law, will not touch interest and will not deal with companies in the businesses of pork products, alcohol or gambling.

Under the division of labour agreed by the two companies, Kleinwort Benson will invest the fund, while Falcon will market it in the Middle East. Falcon is owned by Arab investors and run by Charles Fitzgerald, formerly with Anthony Gibbs and Lazard Brothers, and Pamela Saeed, a chartered accountant who was previously the founder and director of a licensed deposit-taker.

Saeed and Fitzgerald say that their fund is, so far, unique. The other established Islamic institutions are banks or investment companies. The Al Baraka investment company, owned by Saleh Kamal, of Saudi Arabia, is about to launch a unit trust which will be managed by Save and Prosper, but to its irritation it has been pipped at the post by Falcon and Kleinwort.

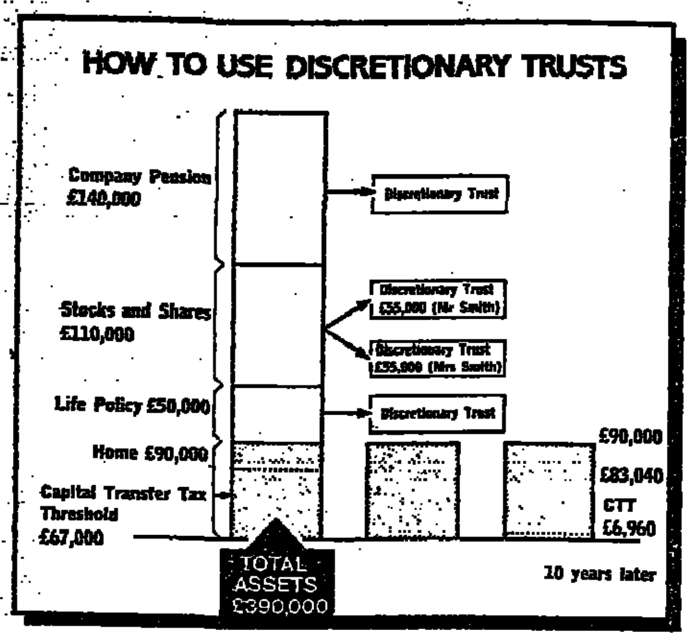
Union Bank of Switzerland runs Islamic investments. That is referred to as a fund, though in fact it is part of a portfolio management operation. The operation is said in the Middle East to be doing rather well.

Islamic banks have to lend to clients on a profit-sharing basis. That has not only made them more vulnerable than conventional banks to the recession in the Middle East. They have tended to attract partners who could not borrow elsewhere; they have suffered from fraud because partners have an incentive to minimise their declared profits—and they have been hindered by the lack of any reliably accepted criteria for working out credit ratings in an Islamic context.

In managing the Islamic Fund, Kleinwort will be investing mainly in equities on the major stock exchanges. The Fund's liquidity, which will be 15 per cent of its total worth, will go into *Murabaha* contracts, under which the investor buys goods for sale to a third party later for an agreed margin of profit. In Western terms, that means doing commodity deals, which the bank has been organising on behalf of Moslem investors for some time.

Capital Transfer Tax

Dodging the revenue



YOU DO not need to be very rich to suffer from Capital Transfer Tax (CTT). It applies to an increasing number of people in the lower reaches of wealth.

Effective CTT planning involves giving away assets *during lifetime* so that they *do not* form part of your estate on death where they may suffer the harshest CTT imposition. The problem is how to give away assets but still retain control. The answer may be to use trusts and in particular discretionary trusts.

To take a not uncommon situation, Mr and Mrs Smith in their middle 50s own their home outright worth approximately £90,000. He is in a safe secure job with a salary of £35,000 a year. His wife does not work and their two children are grown up. They have three grandchildren.

They have invested wisely over the years and have a portfolio of stocks and shares worth £110,000. Mr Smith has a life assurance policy on his own life for the benefit of his wife which provides cover of £50,000. In addition, his company pension scheme provides death-in-service benefits of four times salary.

Mr and Mrs Smith have made fairly simple wills, leaving their estates to each other and on the death of the survivor to their children in equal shares.

Assuming Mr Smith were to dies in service and Mrs Smith were to die some time thereafter, the total CTT liability could be £153,800. On an estate of somewhere in the region of £380,000, this is a heavy burden.

To make an instant CTT saving, Mr Smith could consider forming a discretionary trust in order to receive his death-in-service benefits. He could also assign the death benefits under his life assurance policy to a discretionary trust. The type of discretionary trust would be as advocated below in respect of the stocks and shares.

Assigning the life policy would be done at a discount because it is likely that the surrender value of the policy will be considerably less than the claim value. It should be remembered that if the life policy is assigned, all future premiums will be regarded as gifts but they may fall within one or other of the annual CTT exemptions. At a stroke Mr and Mrs Smith can remove £190,000 from charge to CTT, and save as much as £105,700.

The portfolio of stocks and shares is owned jointly by Mr and Mrs Smith. To mitigate CTT they could each consider forming a discretionary trust now and transferring the share portfolio to it. The reason for proposing two trusts rather than one is to ensure that Mr Smith is settlor of one and Mrs Smith settlor of the other rather than having joint settlors.

They need have no fear of capital gains tax as any gain made from the date of acquisition of the stocks and shares within the portfolio to the date of transfer to the trustees can be held over. In effect, this gives the trustees the same base cost as Mr and Mrs Smith, increased by an allowance for inflation from March 1982.

All future growth of the share portfolio would be outside the estates of both the Smiths and potentially free of CTT. There is a special CTT regime which applies to discretionary trusts. The trusts would be charged to CTT every ten years on the value of the property and comprised in them but at only 30 per cent of the prevailing lifetime rates.

Under present legislation this equates to a maximum charge (only for very large trusts) of 9 per cent. There is a further charge if property leaves the trusts between ten year anniversaries. This regime is certainly not harsh and must be preferable to paying tax at up to 60 per cent of an estate on death.

There are income tax considerations and in view of the fact that Mr and Mrs Smith will want to be included among the class of beneficiaries of the trusts, they will be chargeable to tax on all the income regardless of whether they receive it or not.

Therefore, there is no point in retaining the income within the trusts, it may as well be paid out to them. The trusts are not established in order to avoid income tax and in fact it is likely that the investments within the portfolio will be geared towards capital appreciation.

There is no reason why Mr and Mrs Smith should not be trustees of the discretionary trusts, along with an additional independent trustee. They will be included amongst the class of beneficiaries along with their children, grandchildren and future grandchildren. It is also possible to include the spouses of children and to widen the class of beneficiaries still further by including any other person whom Mr and Mrs Smith may wish to benefit.

A discretionary trust cannot continue in existence for ever and will probably have a life of 80 years. It is unlikely that the trust will continue in existence for 80 years and they may well be wound up and the assets distributed after the deaths of Mr and Mrs Smith.

It is essential that the trusts contain wide administrative and dispositive powers, as well as wide investment clauses. This will ensure that it is possible to switch the investments out of stocks and shares and into property if this becomes desirable, and into other non-income producing assets.

There is no need for the children, who are mere beneficiaries with no fixed present or future rights under the trusts, to know anything about them. Mr and Mrs Smith can continue to exercise control over their assets but in their capacity of trustees.

Provided they live for 10 years from the date they create the trusts then the CTT liability applicable to their estate will be reduced to £6,960, being limited to that chargeable on their home. This would be 30 per cent on the first £22,000 and 32 per cent on the remaining £1,000 above the CTT threshold of £67,000 over 10 years. This calculation, of course, assumes no increase in value of their assets and no change in the CTT charge.

There will be initial setting-up costs, both in terms of the advice and for the preparation of the documentation. There will be continuing compliance costs for the trusts containing the stocks and shares but there should only be the immediate cost in setting up the discretionary trusts to hold the pension scheme death benefits and the proceeds from the life assurance policy.

This is just one example of a use for discretionary trusts. They can be helpful in many other situations involving private company shares, for members of Lloyd's, farmers and to hold land. Neville Russel, chartered accountants, have produced a booklet on personal financial planning which is available at £4.50 from the firm's offices at 246 Bishopsgate, London EC2M 4PB. The booklet contains advice on the use of discretionary trusts in CTT planning.

Stephen Chappell

• FINANCE & THE FAMILY •

Unit trusts

Packages to protect the innocent

WITH ANOTHER 119 unit trusts entering the lists during 1985 it seems extraordinary *that any cranny in the* investment market can be still uncovered. But an interesting gap does seem to have been found, right at the most basic level of investment.

How do you provide for the financially unsophisticated who have heard that equities can be a richly rewarding proposition but have no real contacts in the financial world. *Left to them*selves, such innocents are likely to diversify directly out of the building society straight into relatively sizeable stakes in potentially volatile stocks like British Telecom or Laura Ashley. In other words *into a* decidedly lopsided portfolio which could easily go wrong.

Unit trusts would seem to offer the ideal alternative channel for encouraging such enthusiasm, giving the first time *buyer a choice of balanced port*folios. The problem is that the trend in a performance-orientated industry has been away from low risk defensively managed funds towards aggressively managed, higher risk, *specialised* trusts.

Even if the new investor manages to ignore the enticing advertisements for the latest Hi-Tech Ruritanian Health Fund in favour of an income or *growth-oriented general fund* he may still find himself in a unit trust that is virtually 100 per cent committed to equities and, *therefore*, vulnerable to overall fluctuations in the stock market.

It is hoped that the stock market will never return to the dark days of 1974. Nonetheless there can be few personal portfolios that should be fully invested in equities.

Unit trust managers insist *that their funds are just the* equity part of any portfolio. They expect the investor, or his adviser, to make the strategic decision on how much to commit to equities and other forms of alternative investment. Also, when *to get in and out of dif*ferent investments or switch to more liquid assets. Unfortunately, this is just the decision that many individual newcomers cannot make.

If the unit trust movement is to encourage a greater commitment from the new investor, by cossetting him in the early *stages*, there is room for a unit trust with a much more defensive and comprehentive investment policy than those around now. Touche Remnant for one think this could be so.

The type of beginner's trust that TR would like to introduce would invest mainly in a mixture of FTSE 100 stocks and their equivalents overseas, with perhaps 70 per cent commitment to the UK. There would *also* be a range of non-equity investments and an acknowledged willingness to shift 50 per cent or more out of equities and into short gilts, bonds or cash if the outlook looked suitable.

On this basis performance would come second to safety, but at least there would be no implicit need for investors to contemplate the expensive business of selling the fund and reinvesting latter since the deci*sion to go in and out of the* market would be taken for them.

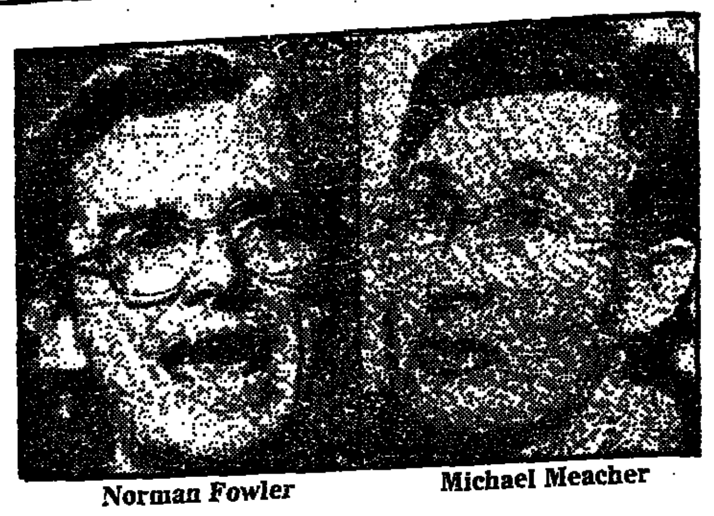
Anyone who doubts the appeal of a trust that offers a much more flexible approach at the bottom end of the market should study a *similar* fund for the better off. Launched in November 1985 Vanguard's Master Portfolio Service pulled in over £8m by the beginning of February.

With a minimum holding of £50,000 Vanguard can afford to offer extras that unit trusts with smaller initial units could not hope to emulate—monthly investment updates, individual satellite portfolios, and the offer of general financial advice.

But these extras would be unlikely to pull funds into the Master Portfolio Service if the fund's basic objective did not appeal and the basic objective is to offer unit holders the same type of portfolio that brokers or merchant banks would offer the £2m investor, but in a unitised form.

In early February the Master Portfolio service was nearly 80 per cent invested in equities, over half of which were in the UK, the remaining 20 per cent mostly in Japanese and German bonds, *or in* UK gilts. *If* Vanguard decided that the outlook warranted a more cautious approach they would feel no qualms in making sweeping adjustments to the portfolio mix, where as they would go much more cautiously into liquidity with their small but successful unit trust range.

Fiona Hamilton



Norman Fowler   Michael Meacher

All our tomorrows

The Government wants the private pension sector to replace state earnings *related benefits.* Eric Short looks at progress on the Bill:

THE NEW Social Security Bill will radically change the framework of pensions if its provisions become effective. The cutback in the State Earnings-Related Pensions Scheme (Serps) and the introduction of personal pensions will effect both the level of pension we can look forward to and our involvement in providing for our old age.

The Bill is now at the Committee stage in the Commons and is being bitterly disputed by the Labour Opposition. The TUC and individual unions are campaigning strongly against it.

The first major debate is centred on Serps and how we shall pay for future pensions. *In the* current framework there are two main methods of providing the funds for pensions:

● Paying out of current revenue—referred to as Pay-As-You-Go or PAYG—and

● Setting aside money in advance to build up a fund out of which pensions are paid when due.

Serps and the basic state pension operate on the PAYG system. Pensions are paid for out of current income into the National Insurance fund.

Company pension schemes and individual pension arrangements are funded in advance.

Under PAYG the pensions of those in retirement are paid for by those currently in work. A pension promise made now has to be paid for by future generations, who have had no say in the matter. *There is therefore* a temptation to make rash promises and leave future generations to worry about the cost.

If the ratio of pensioners to employed rises, then the contributions made by the employed and self-employed will also have to rise to maintain pension levels. So the problem is to determine a level of benefit which will provide an adequate income in retirement at a cost that future generations can be expected to bear.

The Government Actuary is projecting a big rise in the number of pensioners in the first third of the 21st century, as those born in the post-war baby boom reach retirement and life expectancy increases.

Pension costs will soar from £17bn now to £73bn at today's prices and benefit levels by the year 2033/4 and to £88bn by 2053/54. And Social Services Secretary Mr Norman Fowler says this is too great to expect our children to pay.

NI contributions would have to rise from their current level of *17.65 per cent to 27 per cent in 2033-34.*

The benefits provided by Serps cannot be described as lavish or even generous, with average pensions being less than half of earnings. But the government has decided to cut benefits drastically, to £37bn in 2033-34—about half of present projections—and this is the reason for the Labour and union opposition. They would sooner increase contributions rather than cut benefits. Mr Michael Meacher, the opposition spokesman on Social Services, regards 27 per cent contributions as perfectly acceptable; indeed, he is talking about a Labour *government improving benefits.*

However, the present government's philosophy is to reduce state involvement and encourage individuals to look after themselves. The future benefits under Serps are bound to be low, and individuals will have to rely on the private sector for the bulk of their pensions.

In another article I will discuss the other central theme of the proposals, the government's *plans for personal pensions.*

CHESS

WHEN Anatoly Karpov was world champion, he once told an interviewer that he would consider playing in all kinds of tournament formats and structures, except for the Swiss system. He reckoned the Swiss, a hybrid of all-play-all and knock-out where winners meet each other but losers stay in contention, as too unreliable a determinant of strength.

Possibly, losing the title has given Karpov a different view. Perhaps it was the £13,000 prize fund offered by sponsors IBM, but a few weeks ago Karpov was in Vienna for a Swiss system tournament. Admittedly, it was a highly selective, elite Swiss, with 24 Austrians and 24 imported world stars. The grandmasters at the top, who included Korchnoi, Spassky, Belyavsky and Nunn, made it the strongest such event so far in Europe.

It is well known that outright victory in a Swiss requires a more positive and direct approach than in an all-play-all, but Karpov made no concessions or *adaptations. His minimalist* style brought only three wins, all against weaker opponents, and six draws.

Korchnoi and Belyavsky totalled 6½/9, with Korchnoi declared official winner on tie-break. *The USSR sports journal*, which still likes to regard the defector as a non-person, listed the result as Belyavsky first, Karpov tied for second. Those on 6/9 were Karpov, Nunn, Spassky, Ftacnik, Gheorghiu, Quinteros, and Garcia-Palermo. Murray Chandler of Britain was in the group on 5½, while the 16-year-old Hungarian girl Zsuzsa Polgar totalled 5 points.

Both Korchnoi and Belyavsky have positive styles and their liking for tactical play is ideally suited to the hurly-burly of a Swiss. At Vienna they proved *adept at refuting dubious open*ings, as in the following games where in both cases Black's suspect strategy is based on a premature advance of the queen knight's pawn.

White: A. Belyavsky (USSR). Black: M. Quinteros (Argentina).

Sicilian Defence (IBM Vienna 1986).

1 P-K4, P-QB4; 2 N-KB3, P-QN3.

Black leaves the books, but also abandons the normal Sicilian counter of P-QR3 and P-QN4.

3 P-Q4, PxP; 4 NxP, B-N2; 5 N-QB3, N-QB3; 6 B-KB4, R-B1; 7 NxN, PxN? 8 Q-B3, Q-Q5.

Black already abandons normal development. If 8... P-N3; 9R-Q1 wins the queen, or if 8...P-K3; 9 R-Q1, Q-B3; 10 P-K5, Q-N3; 11 B-Q3, P-KB4; 12 N-N5.

9 R-Q1, Q-B4; 10 P-K5, R-Q1; 11 RxR ch, KxR; 12 B-K2, K-K1; 13 O-O, P-B4; 14 P-K6! N-B3; 15 R-Q1, N-Q4; 16 B-K5! Resigns.

For if 16...NxN; 17 QxKBP! NxB ch; 18 K-R1; N-Q5; 19 RxN wins the Q or mates.

White: V. Korchnoi (Switzerland). *Black: F.* Gheorghiu (Romania).

King's Indian, Four Pawns Attack (IBM Vienna 1986).

1 P-Q4, N-KB3; 2 P-QB4, P-B4; 3 P-Q5, P-Q3; 4 N-QB3, P-KN3; 5 P-K4, B-N2; 6 P-B4, O-O; 7 N-B3, P-QR3? 8 B-Q3, P-QN4; 9 P-K5! QPxP; 10 PxKP, N-N5.

The only good defence to *White's sharp attacking system* is 7...P-K3. As played, Korchnoi controls the centre and Black's counterplay is reduced to a lone queen raider.

11 Q-K2, QN-Q2; 12 B-B4, Q-B2; 13 O-O, KNxKP; 14 QR-K1, NxN ch; 15 RxN, Q-N3; 16 QxP, PxP; 17 BxBP, QxP; 18 R-N1, Q-B7; 19 B-QN3, Q-B4; 20 B-Q6!

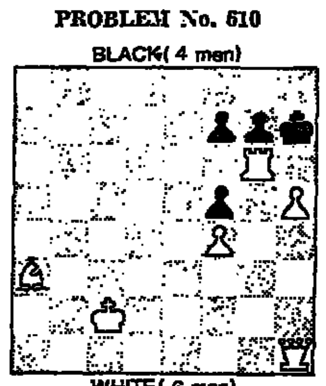
Already decisive. Every white piece joins the attack, and the dark squares round the king are fatally weak.

20 ... Q-N5; 21 N-K4, R-R2; 22 QR-KB1, N-K4; 23 N-B6 ch, Resigns.

If K-R1(BxN; 24 QxR mate); 24 *NxQ, NxR ch*; 25 *PxN, RxQ*; 26 BxR with a piece ahead.

PROBLEM No. 610

BLACK (4 men)



WHITE (6 men)

White mates in three moves, against any defence (by H. von Gottschall). This easy-looking but brilliant miniature catches out many solvers.

Solution Page XVII

Leonard Barden

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• FINANCE & THE FAMILY •

A trust, a wife and a daughter

BRIEFCASE

I would be grateful if you could confirm to me whether the government surcharge of 15 per cent applies to the income arising out of trusts, such as maintenance, discretionary or a straight will to a wife and then to a daughter.

Under section 17 of the Finance Act 1973, income arising from a UK discretionary trust is subject to deduction of tax at 45 per cent. This is not actually "the old investment income surcharge": it is a rate calculated to be equal to the second of the higher rates of income tax. A beneficiary whose personal tax rate is less than 45 per cent is entitled to a refund of the excess.

The 45 per cent rate of deduction does not apply to the income of life tenants, such as widow with a life interest under her husband's will. It does apply to discretionary payments out of accumulation-and-maintenance trusts, generally speaking.

Section 17 and 18 of the 1973 Act are consequential upon section 16, which imposes 45 per cent tax on certain income arising to trustees (worldwide).

Scheduled tax system

Being now retired, my income falls into a number of categories (pension, UK investments, overseas investments, . . .). *One can understand (just)* that each category has to be considered separately under its own schedule. What is impossible to understand, however, is why each schedule gives rise to a separate assessment, ie to a separate piece of paper which arrives at a different date to the others. The way in which each category of income is allotted to *different* tax bands can only be understood by an additional piece of paper, form 930, which describes all categories together. *Why cannot form 930 be used to show in addition the tax due under each schedule and the date is payable?* Put another way, is the issuing of separate assessments *a question of law or merely of administrative convenience?*

Successive Chancellors have firmly set their faces against disturbing the traditional scheduled basis of income tax, with its statutory variety of bits of paper. The only major breakthrough was when it was *decided to include* schedule A assessments and schedule D assessments on a single notice, in 1969.

The law originally reflected administrative convenience, but sometimes the operation of the law is administratively inconvenient nowadays.

Breakdowns at home

Some four months ago I purchased a retirement home freehold and have now moved in, but was very surprised to find that the electrical appliances in the kitchen were not in accordance with the original brochure given to me at the time of paying the deposit and the subsequent initial contract payment. The installation is of a very inferior quality and a different make entirely and we have had nothing else but trouble *in the first months of usage.* I have had a lot of correspondence with the developers who admit that originally they were going to supply as they stated in the brochure, and without giving me any notice just changed the equipment and saving a good deal of cost to them in doing so. They refuse to do anything about the matter as they quote a clause on the back of the original brochure which says—" Whilst these particulars are prepared with due care for the convenience of intending purchasers, the information contained therein is intended as a preliminary guide only. This does not form any part of any contract and the Developer reserves the right to vary as necessary to complete the works." This to my mind seems to give them an "open cheque" to do just as they think fit. Have I got any right against the developer and is the clause a legal support for their behaviour in any circumstances?

If the clause which you cite does not purport to disclaim any representation (the words quoted in your letter do not do so) there is an arguable case for saying that there was a representation which induced you to enter into the contract to purchase the property, and that the representation was incorrect. This would give rise to a claim for damages under Misrepresentation Act 1967, but the amount of damages would probably be limited to the difference in value between the property as it is and the property as it would have been had the installations been of the quality stated in the brochure.

Such a poor shop floor

I have recently had a vinyl-type flooring laid at a shop which I own. A price had been quoted by the contractor who assured me that the covering would be of good quality and would take a lot of wear for several years. The covering proved *to be nothing of the sort.* Within a few days, unevenness on the concrete floor below the covering started to show through and the surface of the covering became very dirty through scratches caused by normal traffic. In short, the covering is a mess and certainly is not of the quality requested and tendered for. Naturally I have not paid the bill but am anxious that the contractor either take up the inferior covering or cover it with a proper covering. I have written several times requesting this but he has not replied to my letter. Have I any legal grounds for *compelling him to put down the covering requested?*

Your remedy at law is to give the contractor an opportunity to rectify the position by re-laying satisfactory tiles; and if he fails to do so within a reasonable time you can procure this to be done by another contractor and claim from the original contractor any excess in cost over the price quoted in the original contract.

The disabled and VAT

I am registered disabled and receive the mobility allowance. I have received planning permission to have a back gate made in the brick wall at the rear of my patio to give me easy access to the public library and community centre. I had to apply for permission as I live in a conservation area and the wall is very old. The cost of putting in this gate is very high but I seem to remember some months ago you gave advice to the effect that such work would be zero rated VAT. Could you please confirm this?

Certain alterations to property made by handicapped persons are zero rated for the purposes of VAT. These are set out at Group 14 Schedule 5 Value Added Tax Act 1985. It is not clear to us that the work you are having done comes within the zero rating rules. Item 8 of Group 14 gives zero rating to "The supply to a handicapped person of a service of constructing ramps or widening doorways or passages for the purpose of facilitating his *entry to or movement within his private residence.*" You will have to argue that the creation of a gate is the widening of a doorway.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

• PROPERTY •

Broomhill Manor Estate in 190 acres at Poughill, Cornwall, includes 13 holiday letting cottages. In the region of £700,000 through Strutt & Parker 0392 215631

The 5 bedroom Church Farmhouse in ½-acre at East Brent near Bristol is in the region of £110,000 through Jackson-Stops & Staff, Yeovil (0935 74066)

A place in the country, a stake in holiday business

HOLIDAY letting is now a thriving enterprise. Easter at the end of this month marks the start of the summer season and agents are reporting substantial sales in the sector. No doubt the dreadful weather has concentrated people's thoughts on holidays.

A farmhouse with cottages converted from outbuildings, or a big house by the sea divided into apartments, are equally likely to prove popular and profitable buys, providing they are in an accessible part of the country.

Robin Thomas, of Strutt and Parker, Southernhay West, Exeter, says: "Investment in a holiday complex results in not only good return on capital. It also enables the owners to live in the premises in some style while supervising the running of the place."

He recently sold Higher Bowden, near Dartmouth, Devon. The farmhouse and eight holiday cottages converted from 18th century farm buildings, went for £325,000 to a buyer from South Wales.

There is a keen demand for blocks of holiday cottages or holiday apartments in Devon and Cornwall.

"Exeter can be reached by train from Paddington in two hours, and the motorway extends from London via Bristol to Exeter. Improved communications by a dual carriageway to Torquay and Plymouth make this part of the country much more accessible to the Midlands, north of England and London," says Mr Thomas.

The south west with its lovely countryside, excellent beaches, fishing rights, historic castles and houses, as well as Dartmoor and Exmoor, has particular attraction to people wanting to take self-catering holidays, according to Mr Thomas.

A property man has just bought for his personal investment folio six holiday cottages and farmhouse in two acres at Blockley, near Moreton-in-Marsh, Gloucestershire. It went on a guide price of £475,000 through David Froggatt, Jackson Stops and Staff's Chipping Camden office.

"The interest was enormous," mainly from businessmen ready to retire from the London rat race to a quieter life, plus a few property speculators who wanted to split off the complex," says Mr Froggatt.

He is currently offering, in conjunction with Knight Frank and Rutley's Chipping Norton office, Ford Farm Cottages, Temple Guiting, near Cheltenham. The sensitively converted 17th-century Cotswold stone cottages have stone-flagged floors, inglenooks and doors with drop-latches. Prices are between £32,000 and £62,000 a unit. Four have been bought by Londoners as second homes, and one by a local person as an investment for holiday letting.

If you do not want to organise lettings yourself, you can use an agency. Under the guarantee system the agency pays you an agreed rate for one or several units for a specified number of weeks. It is then responsible for advertising and letting the accommodation.

Under the commission system, an agency lets on your behalf, generally charging between 12½ and 15 per cent of the gross rental.

As well as the large agencies like English Country Cottages there are also a number of consortia, where about a dozen individual owners of estate cottages converted to a high standard, combine on marketing.

Country Hosts, for example, based at Sudeley Castle, Winchcombe, Cheltenham, Gloucestershire, is converting an old mill into more cottages. Carpenter's Cottage is currently letting at £100 a week. Vineyard Cottage is £295 a week from July 19 to August 30.

Profitability, depending on capital costs, is suggested as up to 15 per cent without tax deductions, in Letting Holiday Properties. (£3 from the English Tourist Board, Thames Tower, Black's Road, London W6 9EL.)

This publication also lists essential furnishings for holiday living. Foldaway beds and nylon sheets are frowned on, and there should be adequate coat hangers and mirrors. In the top category you need frills such as flower vases, table lamps, sherry and beer glasses as well as a washing machine, tumble-dryer and freezer.

The qualifying periods for tax relief on holiday lets are set out in the new edition of Live And Let (free from Andrew Tappin, Dearden Farrow, chartered accountants, 1, Serjeants' Inn, London EC4 1JD). These are that the property:

● must be available for furnished holiday letting to the public for at least 140 days a year;

● must actually be let for at least 70 days;

● for at least seven months, which need not be continuous, must not normally be in the same occupation for more than 31 consecutive days.

A new section in the booklet covers Value Added Tax. Anyone whose income from holiday lets exceeds £19,500 per annum or £6,500 in any calendar quarter before deducting expenses, must notify Customs and Excise.

Which expenses are allowable is tricky. Much depends on what an individual Inspector of Taxes will allow. The book points out that care over travel expenses is needed.

"It is essential to be sure that the business is run from home so that a journey to the property for the purposes of supervision can be claimed. One may expect the Revenue to take a hard line on this where such a visit also coincides with a holiday."

HOLIDAY LISTINGS

● Tenants could collect eggs and milk from the farm, ride and rough shoot at the Broomhill Manor Estate and dairy farm near North Bude, Cornwall, for sale at around £700,000 through Strutt and Parker (0392 215631). This includes an eight bedroom, three bathroom house whose antecedents go back to the Norman Conquest. A lordship of the manor has the ancient right of wreckage over the whole coast of Poughill Parish. A leisure complex goes with the 13 holiday cottages which rent between £145 and £420 a week. Income of £86,886 was produced last year. Surplus after deductions—rates, insurance, wages, promotion, cleaning of swimming pool and so on—was £39,586.

● Smiths Apartotel on the sea front at Weston-super-Mare is for sale through Christie and Company, Queens Road, Clifton, Bristol BS8 1QU.

The 19 apartments with a freehouse and food operation had a turnover of £162,458 in 1984. On the asking price of £350,000 for the freehold, Christie's associate finance company Reliance Consumer Credit say that around £250,000 could probably be raised on first charge against the property subject to status and valuation. It could be higher with additional collateral.

● The owner of some farm buildings at Tintinhull, near Yeovil, Somerset, has permission for conversion into several homes. The 1870-built Great Barn is in the region of £75,000, Court Lodge around £45,000. Details from Michael Waite, Jackson Stops and Staff (0935 74066).

● The Round House, overlooking the sea in the fishing village of Shaldon, near Teignmouth, South Devon, dates from the 18th century when it was a warehouse for the cod trade. The Ferryboat, Lookout, Pilot and Regency flats, plus some rooms at the top called the Crows' Nest are for letting. Together with the owner's accommodation selling price is in the region of £165,000 through Strutt and Parker's Exeter office.

Ford Farm Cottages, Temple Guiting, Gloucestershire, converted to 12 cottages selling between £36,000 and £62,000 each through Knight Frank & Rutley, 0608 41914, and Jackson-Stops & Staff 0386 840224

Gardening

Done by mirrors

MIRRORS HAVE been used in gardens for a long time but they are scarcely ever mentioned in books about garden design. I have a feeling that they are rather looked down on as a mere frippery, not in very good taste and so best ignored. Yet they can be very effective.

I was reminded of this during a visit to the Parc Floral des Moutiers, the lovely Lutyens-Jekyll garden at Varengeville in Normandy. Here is a long rose-covered pergola which makes a right angle turn to exit into a more open part of the garden. Instead of turning, I nearly walked straight on because a mirror had been placed at 45 degrees across the angle of the pergola so that, whichever way one approached it, the reflection would be of the other arm of the pergola but with no reflection of oneself or of that section through which one was walking.

It was all very cleverly done and a large rock had been placed beyond the short arm of the pergola to catch an interesting reflection when approached down the long arm. The only thing that gave it away at the last moment was the slim wooden fillet that had been put round it to hold it secure against two of the brick pillars of the pergola. With just a little more cunning that, too, could have been concealed, but that might have led to disaster, both for me and the mirror. So maybe the fillet was meant to be seen.

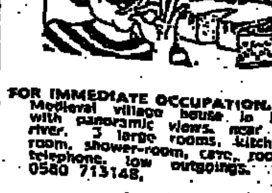
The landscape architect Anthony du Gard Pasley was with me at the time and told me that this use of a mirror set at an angle had first been noted by Humphry Repton. A workman had left a mirror standing at an angle in a corridor and Repton, walking towards it and not seeing any reflection of himself, was completely taken in. Subsequently he used the trick in some gardens he designed. This was the first time that Mr du Gard Pasley had seen a mirror used in this simple form though he himself had undertaken a complex variation to increase the apparent size of a small conservatory. At the back of this he set several mirrors side by side, each at an angle of 45 degs to the wall, so that people looking towards it would see reflections of the side of the conservatory but not one that included them.

The usual way to place mirrors in gardens is flat against a wall or at the end of a path or covered walk. One scheme I have seen several times is to place the mirror against a fairly high wall and surround it with a door frame so that one appears to be looking through an open door into another section of the garden. Alternatives are to disguise a mirror as an archway, a window or a claire-voie. So long as one is seeing the mirror from an angle, horizontal or vertical, the illusion can be complete but, directly one gets right in front, one's own image appears and the trick is revealed. This use of a mirror is particularly suitable for small town-gardens.

When mirrors are placed at the end of walks, either open or covered, the illusion is much less convincing, though from a distance one may not notice one's own reflection. Mirrors at each end will seem to multiply the length of the walk interminably since each will reflect not only the path itself but also the reflections of it in the other mirror. I have encountered this effect most disturbingly in bathrooms with mirror walls, in which one is reflected ad infinitum in every direction, but I have never seen it used in a garden.

Yet another way of using a mirror is to place it indoors to reflect the garden outside. I have done this myself in a modest way but the most dramatic application of the technique I have encountered was in a quite small property in Islington. Here the back garden, probably 60-70 ft long and about the same width as the house, was overlooked by the main living room. This had a wide, full-depth window and the back wall had been completely covered with a mirror. The effect was to bring the garden indoors. Look out of the window and you saw the real garden, look back into the room and you saw its mirror image. This big mirror also brought a lot of extra light into the room.

Arthur Hellyer



هكذا عنه بالأصل

XIII

John Mansfield gives a guide to holiday cottage rentals

Log fires and lovely evenings

COTTAGE rental is one of the major growth markets of the travel industry these days. Perhaps it is another manifestation of the nostalgic phenomenon: a desire to escape the tower block cement of the Costas and return to the real life of old timbers in a bucolic setting, log fires and long evenings.

The added pleasures of house and cottage rental, particularly in the UK, are that you can often take along family pets and that the car can be loaded up with all those necessities of family life that air travel baggage limitations make impossible.

In my view cottage rental should preferably be done through a close friend or independent third party. I have heard, and personally endured, too many horror stories of small-advertisement rentals from unknown individuals. If it's cheap and available there is often a catch. Yes, it costs more to go through an agent, but at least you have someone to complain to.

That view can be qualified when it comes to renting in the UK. First, of course it is much easier physically to see the property before you rent it: then you are negotiating with someone who speaks your language and with whom you can deal later, legally if necessary, if promises are not kept or standards not what you expected; and finally the bulk of good rented accommodation in the UK at least gets some sort of inspection and approval from local tourist boards before listing.

Nonetheless renting through an agency has numerous advantages. These have, of course, to be weighed against the additional cost sometimes involved.

Rule one for anyone thinking of renting is to get as many brochures as possible. If you choose the area of the country you wish to visit first, in the very broadest of terms, the national tourist board concerned will send you a list of self-catering agencies. The English one alone lists around 50 but many can be eliminated because they have narrow geographic limits which may involve areas of no interest to you. Some cottage agencies offer their wares through High Street travel agents, but these are still in a minority. If you want a full list you are going to have to do a lot of writing.

But I would still urge this upon you. Choosing a cottage is highly subjective, and great fun. Even the biggest agencies will have only a few places in a particular locality so if you are dead set on, say, Wessex, you are going to have to shop around. There may also be disappointments. Many of the nicer properties are booked a long way ahead, often by had year's occupants. This means that agencies will try to switch self you—that is they will try to offer you what they have left. Your second choice may, however, be with a totally different agency.

Even the largest agencies still tend to be organised on family business lines and are well able to answer the questions that any renter should put. It is very easy to make mistakes when renting. I sometimes see confused visitors wandering in my own locality bemused by the fact that the nearest pub is four miles away and the village shop closes on Saturday afternoons, when most of them arrive. Isolation is wonderful if you really want it and irritating when you do not.

But what of prices? Since there is no such thing as a typical cottage, examples give only the broadest indications. The highly popular areas — the Cotswolds, Devon and Cornwall and parts of East Anglia — can be pricier than others, particularly in peak season.

A reasonable benchmark figure for a cottage sleeping five, with first-class accommodation in three rooms in midsummer 1986, would be about £250 a week. For a tiny simple place, sleeping two or three, you should expect a rate of around £150 and for something really out of the ordinary in terms of facilities, setting and size, nearer £900.

Prices fall considerably outside the school holidays.

There is a growing trend for renters to take a cottage at least one size larger than their needs, if only to get a little more breathing space. Another development is the increased supply and popularity of up-market leisure complexes such as the Langdale operation in the Lake District.

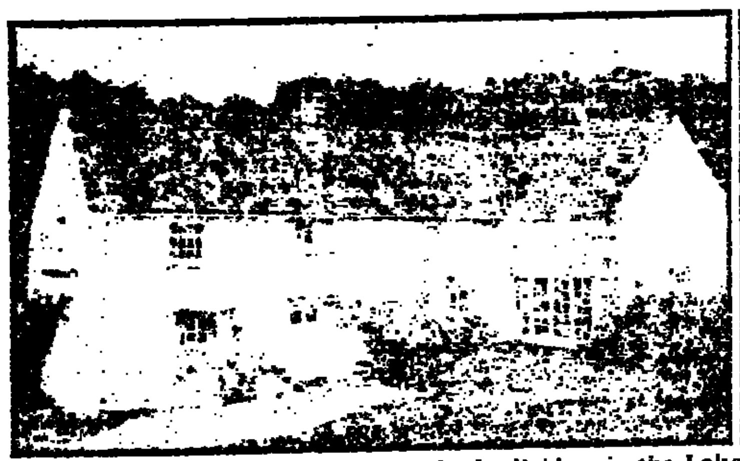
These are often time-share operations but are available for normal rental on a weekly basis. The attractions of such centres are that they offer very high quality accommodation as well as the additional recreational facilities normally only found in large hotels — indoor pools, squash, golf, a gym and the like.

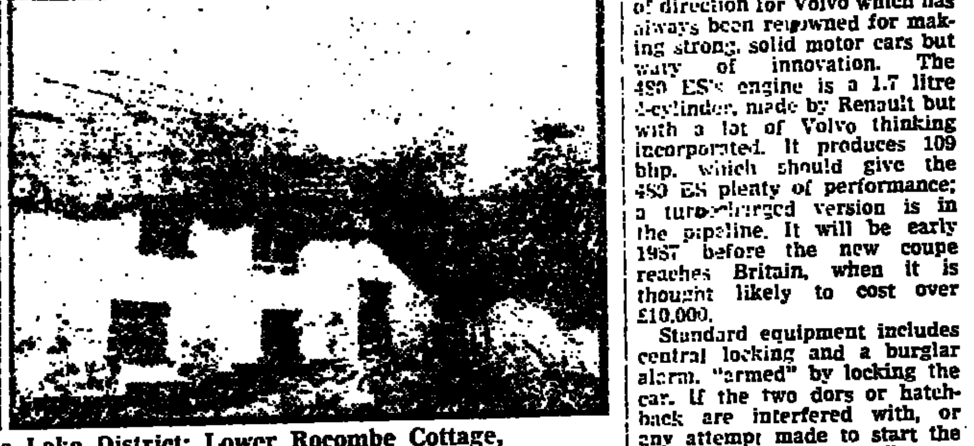
For these, expect to pay a little more than for a remote rural retreat, say between £300 and £400 for an apartment sleeping four.

Further information: English Tourist Board, Thames Tower, Blacks Rd, London W6 9EL. Scottish Tourist Board, 23 Ravelston Terrace, Edinburgh EH4 3EU. Welsh Tourist Board, Brunel House, 2 Fitzalan Rd, Cardiff CF2 1UY. Cornish Cottages, Worval House, Garras, Helston, Cornwall TR12 6LP. Country Holidays, 21 High St, Gargraves, Skipton, North Yorkshire, BD23 3RW. English Country Cottages (and Welsh Country Cottages and Country Cottages in Scotland) Claypit Lane, Fakenham, Norfolk NR21 8AS. Forestry Commission, 231 Corstorphine Rd, Edinburgh EH12 7AT. Heritage of England Country Houses, Bignor Manor, Nr Pulborough, West Sussex RH20 1QD. National Trust (Cornwall Region), Lanhydrock Park, Bodmin, Cornwall PL30 4DE. Overseas readers should contact the nearest British Tourist Authority office or write to the BTA at the same address as the English Tourist Board above.

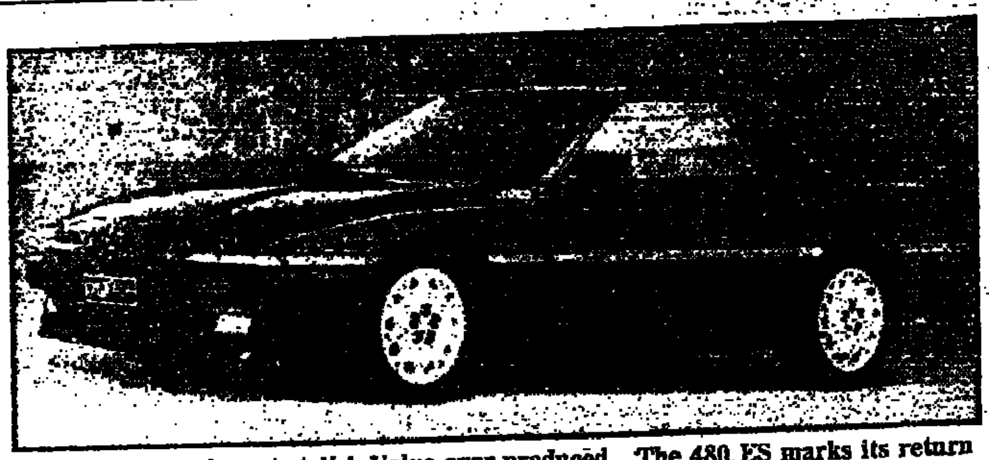
If you do book a UK cottage, do not forget to take out the cancellation insurance most reputable agencies offer. Last minute illness or jury service can prove expensive.

P.S. Should you be tempted to let your cottage through an agency it is worth getting more than one proposal. Do take great care in vetting the agency — check with other owners on their books that they pay their bills on time and send nice clients. And see your lawyer about the contract they offer.





Cobby House (left), Newby Bridge, in the Lake Lake District; Lower Rocombe Cottage, Teignhead, Devon



The sleekest and most stylish Volvo ever produced. The 480 ES marks its return to the sporting coupe market. It has front-wheel-drive and a fuel injected 1.7 litre engine, with a turbocharged version to follow

Volvo pops up a coupe

Stuart Marshall reports on the new models on show at Geneva

GENEVA SALON d'Automobile is the first major international motor show of the year but unusually, the 1986 Salon is almost bereft of new models.

Peugeot has an automatic transmission version of its best selling 205 and also a Cabriolet. Some of the Japanese manufacturers are giving a European premiere at Geneva to cars they had unveiled at the Tokyo Motor Show last November.

But the only genuinely new European cars on display are the Renault 21 and Volvo's intriguing coupe.

The 480 ES marks Volvo's return to the sporting coupe market for the first time since the 1800 ES went out of production in 1972. The newcomer is a sleek and trendy car, with pop-up headlamps. The nose and bonnet top are made from synthetic materials. About 10 per cent of the body weight is non-metallic (and therefore non-corroding) and it is Volvo's first front-wheel drive design.

It represents a radical change of direction for Volvo which has always been renowned for making strong, solid motor cars but wary of innovation. The 480 ES's engine is a 1.7 litre 4-cylinder, made by Renault but with a lot of Volvo thinking incorporated. It produces 109 bhp, which should give the 480 ES plenty of performance; a turbocharged version is in the pipeline. It will be early 1987 before the new coupe reaches Britain, when it is thought likely to cost over £10,000.

Standard equipment includes central locking and a burglar alarm, "armed" by locking the car. If the two dors or hatchback are interfered with, or any attempt made to start the engine, the alarm goes off.

Saab, which has never made anything but front-wheel drive cars is giving the new Volvo close inspection. It is a type of car Saab has ignored, apart from its limited production Sonnet of the early 1979. Saab's innovation for Geneva is a fuel-injected but non-turbocharged version of the 9000 hatchback with a price tag in Britain of £11,995 compared with the 9000 Turbo's £16,000. I drove to Geneva in a 9000 Turbo and will be trying the 9000i in a few days time. More of both cars soon.

Renault gives pride of place on its stand to the brand-new 21 (this column, last week) which is crucial to its future prosperity. Also of interest is the 5 Turbo, which has just gone on sale in Britain at £8,130. This 125 mph hot hatchback surprised me with its sequre handling and high speed refinement when I drove it briefly at Jarama race track, Madrid, last summer. It is priced to undercut any obvious competitor.

Reliant, the independent sports car maker of Tamworth, Staffs, is making a push into Europe with a turbocharged version of its Scimitar two-seater, powered by a 1.8 litre Nissan engine from the Silvia coupe. The turbo will be available in Britain this autumn as a stablemate to the Ford 1600-engined car which offers a nice combination of sporting performane and civilized amenities at a reasonable price.

Ford's Sierra Ghia 4x4 estate is making its first appearance at Geneva and will be on sale in Britain at the end of next month. Like the XR4x4, it has permanently engaged all-wheel drive which splits the 2.8 litre fuel injected V6 engine's output in a ratio of 37/63 front and rear. Three viscous coupling differentials give it the handling characteristics of a muscular rear-wheel drive car. It could rival a Range Rover as a horse trailer tow car. The split-fold rear seat extends the load floor to 6 ft 2 ins. A 75 kgs payload roofrack is standard and air conditioning an optional extra.

All Sierra 4x4 estates have automatic self-adjusting rear suspension to compensate for heavy loads. ABS brakes are available. The price will be announced later; a figure of around £13,000 seems likely.

Toyota chose Geneva for the European launch of its new Supra sporting coupe though its UK debut is still some months away. British buyers will get ABS brakes as part of a high level standard specification, but a "very competitive" price is promised. The engine is a 3-litre in-line 6-cylinder with twin overhead camshafts and 24 valves.

Switzerland is a completely free market for cars. West Germany has close to 50 per cent of registrations followed in turn by Japan, France and Italy. Just under 3,000 British cars of all kinds were sold here last year, which is about half Sweden's total and liable to challenge from Spain, which scored 2,137 registrations last year compared with only 600 in 1984.

There are, as one would expect of a country with a lot of Alpine roads, four-wheel-driven cars of all kinds on display, including a super luxury estate car called the Rayton Fissore Magnum VIP. This is powered by a 2.5-litre, fuel-injected Alfa Romeo V6 and is said to cruise easily at 90 mph on the motorway. Its chassis is based on that of a Fiat-like commercial vehicle and the trim is most luxurious, with wood veneer on the facia and leather upholstery. Normally it is rear-wheel driven, but four-wheel drive may be engaged, together with a low set of gear ratios, for difficult terrain.

The 1986 Salon is the last at which cars designed to run on leaded petrol will be on display. In October of next year, Switzerland will adopt the same stringent exhaust emission standards as the US. Every manufacturer is showing cars equipped with catalytic converters to reduce exhaust pollution, and unleaded petrol is widely sold throughout the country.

Toyota's new Supra, making its European debut at Geneva. This three-litre, six-cylinder, 24-valve engined coupe reaches Britain later in the year. A high specification will go with a competitive price

Starting from scratch

For those in peril on the Solent

THE LAST time I set foot on a sailing boat it lost a nasty argument with a hard part of Holland and expired ungracefully beneath the briny. I have only hazy recollections of the matter as I was prostrate with seasickness at the time following an 18-hour gale. Wading ashore, I remember feeling more relieved that the world had stopped moving than worried about the danger, or the fate of the borrowed £25,000 yacht.

These memories returned last summer as I crouched in the cockpit of an even more expensive yacht, swathed to the eyebrows in oilskins and peering into the teeth of another gale, this time in the Solent.

A schoolteacher once wrote of me in a term report: "He is either stubborn or stupid. I cannot tell which." I wasn't feeling too sure either as the Solent began to remind me of of the North Sea.

Steaming by an open fire at a friendly harbour-side pub later, the dangers and the enjoyment felt more into proportion. My skipper, who had calmly steered through the roaring breakers to a calm haven, showed that with proper training sailing need not be hazardous.

I had hoped to prove this when I arrived at Southampton's Shamrock Quay the night before for a weekend's tuition with Britannia Sailing School.

Nervousness hidden beneath nautical gait, courtesy of yellow wellies retrieved from my Dutch debacle, I stepped aboard a sleek Sigma 36 ft yacht. Three fellow learners deferred immediately to this sign of seamanship, asking where to "stow their gear" and when we would "cast off."

I *mumbled something about* just being along for the ride and disposed of my fluorescent footwear before the real skipper arrived and assumed I could pull the right bits of string to make the sharp end up front go left a bit.

When the great man arrived he seemed more interested in ensuring we had enough biscuits and frozen curry to last the epic journey. I found out quickly that half the art of cruising is making sure enough of everything is aboard before you start.

Much of the rest is learning where it fits. There are nooks and crannies everywhere, and it is almost as important not to stow biscuits in a wet locker as it is to pull the right ropes to change course.

Two hours later we had still not moved. On courses approved by *the Royal Yachting Association* great care is taken lecturing trainees on safety lines, lifejackets, emergency flares and firefighting before the first mooring line is cast off. The suggestion of a pie and a pint was a welcome relief—except that the pub was away down the now dark and windy estuary at Hamble. So we had a quick practical lesson in donning the gear we had just learned to identify and our first encounter with rope-pulling.

Sorting out halyards (which pull sails up), sheets (which pull sails in) and winches (to aid said pulling) took up much of the ensuing brisk trip. Remembering which was which occupied most of the weekend.

The next morning glowered on a crew paying the price of arriving at the pub half an hour before closing and devouring hamburgers and alcohol in accelerated mode. Jan, the skipper, 17 stone of oilskin-clad professional sailor, was unaffected. Allan, who had laid out £25,000 on his own boat and wanted badly to learn how to sail it, was on deck at first light savouring the new day's gale.

The rest of us were learning to get out of a sleeping bag on a narrow bunk without touching the cold deck or jarring ringing heads.

We learned to raise headsails (the front ones), reef down the mainsail (the back one) and generally pull the right ropes at the right time while scrambling around on a soaking, sloping deck. We learned that the Sigma is one of the liveliest cruising yachts on the market, and that seven knots may be little more than running pace on land, but seems like an express train at sea.

I also learned that scrambling around on Dutch rocks is not half so frightening as coming into the Beaulieu River in a Force Eight when you can see the breakers on the shore getting closer and closer.

I was officially designated a Competent Crew at the end of that week, *the first step on the* RYA ladder to qualification, and have since spent another week with Britannia learning all the skills of helming, rope and sail work, and most of the other requirements to take me onto the second rung known as Day Skipper. With some basic theory of navigation and meteorology under my belt from evening classes ashore during the winter, I will be ready to return next season, wearing my yellow wellies.

Fastnet race, here I come.

Britannia Sailing, of Shamrock Quay, Northam, Southampton, runs weekends whose costs vary between £60 and £75 and five-day cruises from £145 to £175, either for pleasure, or leading to Royal Yachting Association certificates. The school also provides extensive race training and experience.

The RYA, of Victoria Way, Woking, Surrey GU21 1EQ, *has details of more than 700* approved sailing schools around Britain (enclose a large sae).

David Lawson

Local history

Pills, pints and the past

LOCAL HISTORY is what you make it. For Wakefield, West Yorkshire, it means expensive coffee-table books produced at a profit. For Nita Burnby, secretary of the British Association for Local History (BALH), it means the history of pharmacy. A practising pharmacist, she was attending local history classes in Sheffield "when the bug bit in an unusual way" leading her to a PhD for her thesis on the English apothecary from 1660 to 1760.

For one BALH member, whose work involves the Campaign for Real Ale, it is the history of inns, hotels, pubs and breweries. For some it means waterways or railways; for others, genealogy, family history or the story of their house.

In the Nottinghamshire village of Ruddington three local museums have been established and Suffolk's history festival attracted more than 2,000 visitors. This year the idea has spread into the Midlands.

Local history is a growth industry. The first major impetus came in the 1950s when Professor W. G. Hoskins published The Making of the English Landscape and Local History in England, two books which helped to transform historical research from a mildly eccentric subject to a living pursuit.

In 1979 the Committee to Review Local History, chaired by Lord Blake, called for a national liaison body, and the BALH was formed in 1982. Today many unknown enthusiasts are beavering quietly away, alone or in groups.

"Scratch the skin of a local history society and you find people with many different interests, *who are there to stimulate their own particular project,*" says chairman Phillip Snell.

His association's flourishing membership — individuals and affiliated societies pay an annual subscription of £5—is exceeded by the circulation of its quarterly journal, The Local Historian, which provides amateurs with professional guidance.

Events are organised regionally, from young historians' workshops and a weekend school on palaeography to a day course on industrial history and, this spring, an introduction to the Public Record Office. BALH also publicises activities and campaigns in newsletters and runs competitions. The most recent, to find the local history society of the year, was won by Abergavenny for their slide-tape presentation.

This year the association has a £12,000 Gulbenkian grant for education. It will be used for school teaching packs and to prepare booklets to aid research and also show how to start and run a local society.

Most societies have their share of passive members who do little more than turn up for the monthly talk and the annual coach outing, but their subscriptions help to keep the society viable. Others work amazingly hard — "It takes over their lives," says Nita Burnby.

But these are difficult times for the amateur historian. In terms of grants, history is the poor relation of archaeology. There are also the severe cuts in adult education. And though record offices try valiantly to cope with inquiries, they cannot generally augment their staff to keep pace.

Yet an area's activities *depend on the services available.* David Hayns, producer of an excellent report at the end of his two-year contract as BALH field officer, describes Portsmouth as "a hotbed of activity," fuelled by a good local studies library, record office, local history museum and the polytechnic, which runs a year's diploma course in English local history for postgraduates. This one-day-a-week course attracts students from all over the south.

Suffolk, according to Hayns, is extremely active — backed by an extra-mural tutor and a first class network of county *organisations, including the County Record Office, open six days a week.*

Some areas plan large scale events, open to the general public. Essex History Day, held at Saffron Walden two years ago, will be followed in June by a day-long Sunday event based on the monument at Castle Hedingham. Salisbury, too, is planning a day of activities in June.

But by far the most ambitious was Suffolk's weekend history festival at Stowmarket in 1984. More than 70 organisations took part and there were crafts demonstrations, talks, dancing, and films from East Anglian Film Archive, with Ronald Blythe, author of Akenfield, as after-supper speaker. This year the idea of a weekend festival spreads to *Leicester, Arebury* and Gloucester.

Several enterprising societies run museums. Ruddington's local history society has set up three; two of them house wide-ranging aspects of the village's past, but the third, Ruddington Framework Knitters' Museum, is of special interest. It was established after members discovered a framework knitters "complex" in this heartland of the knitwear industry, and is now run by a trust.

Other areas develop publishing initiatives. Wakefield Historical Publications—an offshoot of the historical society—relies entirely on voluntary help to produce handsome books. They include Christopher Saxton: Elizabethan Ropemaker (£23) and a more recent one on excavations at Sandal Castle (£30). There are also cheaper works, from 90p. The small profit from each book is ploughed back into the next publication.

The Malago Society, at Bristol, is one of a number producing lively magazines for the general public. Northamptonshire, Past and Present, the work of the county's record society, also achieves good public sales. And St Albans won a BALH contest for a one-off publication, with its large scale plans of the town, circa 1820, plus texts, illustrations and an account of St Albans as it was then.

But the prize for the best unpublished material by an individual historian went to Mrs Patricia Giles, of Saltash, for her essay on the Polbathic Recreation Rooms, 1921-81. Which—like the oral collections now being taped around the country—shows that history is not always beyond living memory.

British Association for Local History, The Mill Manager's *House, Cromford Mill, Mill* Road, Cromford, Matlock, Derbyshire DE4 3RQ. Telephone 062 982 3768.

Sally Watts

Collecting

Weathering the changes

ADMIRAL ROBERT FITZROY was probably the first regular weather forecaster: The Times printed his reports daily by 1861. Born in Suffolk in 1805, Fitzroy became Captain of HMS Beagle and worked with Charles Darwin. He was MP for Durham in 1841 and Governor of New Zealand two years later. After 1854, he headed the newly formed meteorological department of the Board of Trade.

He was the author of a famous weather rhyme found on thousands of barometers in the mid-19th century: "Long foretold, long last, short notice, soon past, fast rise after low, foretells stronger blow." The first mass-produced cheap and serviceable barometers bore his name.

Fitzroy had his detractors. There were those who thought general theories of the science of meteorology should be established before weather predictions were made public — a reminder that the barometer is primarily an instrument to measure the weight of the air. Its application as a domestic weather-glass is secondary. In 1865, no doubt due to the controversies, Fitzroy committed suicide.

Edwin Banfield's *Barometers: Stick or Cistern Tube* documents much of the admiral's contribution to studying the elements. Banfield, a retired bank manager, has collected barometers of all kinds over 25 years and considers them "a practical proposition as apart from being functional and highly decorative they take up no floorspace."

This is one of three complementary, informative and easy-to-digest books for the collector — the other two are *Barometers: Wheel or Banjo,* and *Barometers: Aneroid and Barographs.* While there is some overlap in content, they should be read as a set: £23.50 from Baros Books, 5 Victoria Rd, Trowbridge, Wiltshire.

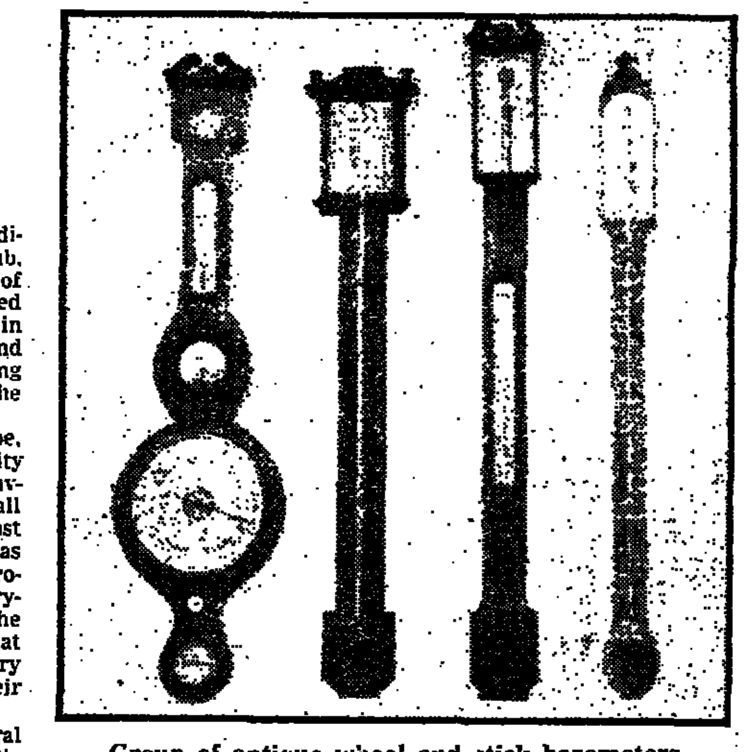
The serious student should also read *English Barometers 1680-1860* by Sir Nicholas Goodison (Antique Collectors Club, 1977). Goodison, chairman of the Stock Exchange, studied more than 4,000 barometers in museums, antique shops and private collections, including his own, while compiling the book.

Age, colour, condition, shape, amount of restoration, quality of veneer, brass-work, engraving, silvering and hands all have their effect on value. Most dealers will tell you that as both stick and banjo barometers employ a mercury-filled tube, deterioration of the mercury and the dirt that accumulates mean that very few barometers still have their original tube *and* work.

As a rough guide, Admiral Fitzroy's barometers can usually be bought for between £100 and £250; the less common stick variety from £500 to £1,200; and the banjo and wheel type from £250 to £350. A rare angle barometer (c1780) by John Whitehurst, a Derby clock and instrument maker, sold for £4,100 at Sotheby's Chester in 1984.

A fun item that still ought to be found at a reasonable price is a Victorian weather-house where little figures pop out according to the atmosphere being dry or damp. When the woman appears, it is fine; the man presages dark clouds.

June Field



Group of antique wheel and stick barometers featured in Edwin Banfield's books

Archaeology

History and ancient history: Athens in 1862

The revitalised Athens

AFTER Washington, Athens must be one of the oldest of the world's new cities. A very small town under the Ottomans, it grew rapidly from 1833/34 when it became the capital of the newly independent Greece. Architecture and archaeology raced ahead hand in hand: the old was there for discovery and preservation, and for shaping the new. The Museum of the City of Athens (7 Paparrigopoulou Street, Klafthomonos Square, M, W, F mornings) in a restored house of the time shows the excitement of making the new city come up to the expectations derived from the great one of old.

The first of many city plans was in 1833, covering mainly the open ground north of the Acropolis. The same year the Archaeological Service was founded and the first steps taken to safeguard the Acropolis. The plan foundered on the objections of landowners. In 1834 there was a new plan, which is still the basis of the city centre.

Leo von Klenze made the new plan. He and several other architects were from Bavaria, as was King Otto, who used the museum's house as his palace from 1836 to 1843. The growth of Athens matched that of Munich in pace, zeal and style of neo-classical public buildings. If you know them in one of the cities, you will find many reminders in the other.

Few neo-classical private houses have survived. This one has been beautifully restored. The details especially show how the architects, German and Greek, were steeped in the classical. Here the cornices in the rooms have painted decoration rather than moulded plaster, while the facade has limestone above a marble base. The spirit is that of Athens in its 5th century BC heyday, when Pericles and friends lived in modest houses.

The display is devoted to the Othonian period, ending in 1862 with his exile. A model of Athens in 1842 shows the university already there (by the Dane Christian Hansen, and begun in 1839 only five years after that of Munich) and the English church, a Gothic oddity. The furniture marks the transition from late Regency or late Empire to early Victorian. An oil painting of the Acropolis by Edward Lear (1852) has sheep grazing on its slopes.

The museum is an undertaking of the Vouros-Evtaxia Foundation. It will be enlarged eventually to include two other old houses, one for the Frankish rule of Athens, the other for more of the neo-classical city. In the meantime it can be recommended for a vivid view of the thoughts and hopes that went into the new city, and for giving some idea of what old Athens means if you are Greek. The contrast with the suburban sprawl that followed the coming of the refugees from Asia Minor in 1923, and of people from the provinces since World War II, is enormous.

The Kanellopoulos Museum is another restored neo-classical house at the top of the Plaka (the old town of Athens). It is reached most easily by starting from the usual approach for visiting the Acropolis, but not going up on top. Instead, keep the Acropolis rock to your right and take the road at the foot of it, where you look down on the Agora (the ancient civic centre) to your left. You soon come to the museum, its entrance down a few steps of a stepped street.

The family colection is a mixture: Byzantine everyday life, icons and antiquities. There are good terracotta figurines of actors hamming, and of women of fashion with elaborate hair, hats and stances.

A late 6th century BC Black Figure (black figures on a red clay ground) vase is a fine example of the common fountain-house genre: women collecting water, with jugs on their heads, and chatting at the fountain where the water comes out of a lion's head spout.

This lively scene may reflect the building of a fountain house and the improvement of Athen's water supply by the family of Pisistratus, the 6th century tyrants. Another Black Figure vase is an amphora of Etruscan shape made by Nikosthenes (his signature is below the handle). He suited his repertoire to the foreign market—an early parallel for armorial china.

Gerald Cadogan

Country Notes

Farm on the down

DOWNLANDS, THE short-grassed pastures on the chalklands of the southern counties, are not very fertile, yet they were the sites of the earliest arable farms of the iron age, mainly because they were neither boggy nor forested and so easy to clear and work. You can still see the banks of these early fields on most of the remaining downlands; I dug through one and found it to be full of flints, probably picked off the fields centuries ago to make tillage easier.

Up until the 18th century much of the land was farmed in common, with everyone having the right to crop part of it and graze their cows and sheep on the pastures. The common arable fields were rotated, but the downs and some of the grasslands of the valleys were permanently grazed.

I often wondered why many of the downs were left, especially when they were flat and very suitable for cultivation. It used to be said that the ancient farmers, well aware of the value of these as pastures, kept them as they were. But in fact the chalk downland soils are very light and often peaty. During and after the war many were ploughed up, and the cropping was most disappointing, even with thorough manuring.

Almost by accident a friend of mine found that a trace of copper added to the weed spray brought a magnificent change, and crops were most successful. I am certain that the older farmers gave up cultivating them in despair. Most downland grasses have no place in a modern pasture, and would be termed weeds, but economic use could be made of them by letting the cows and sheep graze there.

After the *Enclosure Acts* the Common Rights were extinguished and the land laid out in large farms. These Wiltshire farms were narrow rectangles, with water meadows in the valleys and a long strip of arable reaching to the edge of the downs.

These downs became an integral *part of the farming* pattern: each farm would have a flock of sheep which grazed on the downs, and once their bellies were full would be folded behind hurdles on the arable fields at night to concentrate their dung in preparation for the next crop. No fertiliser was ever put on the downs.

When the sheep left the downs the herbage coarsened, or the downs became infested with rabbits, which at least dropped their dung where they fed and stopped the gradual drain of fertility under the folding system. During the great depression which began in the 1880s farmers began to stop *folding their flocks and instead* fenced their sheep and cattle in with wire. They added fertilisers to make more grass grow, with hay or compound feeds from other parts of the farm.

This manure re-enriched the soil and the pastures improved, the ryegrasses became established, and the downlands became economic producers in their own right. Since the war many of these downs have become permanent arable land; the rest are either on very steep slopes or are kept that way because their owners like them.

I do have a number of what could be called small downland areas, some even with the traditional short turf and closely cropped herbage. Grazing them is no more healthy for stock than on any other pasture. I do not believe the deep rooted plants necessarily draw up minerals from the soil, and found that I had just as many deficiency problems as on any other part of the farm.

John Cherrington

Urban notes

Foxing the sandman

WHEN IT was finally filled, the skip must have contained a tonne of sand. The lorry that took it away strained to lift it onto its rusting cradle before swaying off noisily to the dump.

The strain was showing on me as well. Possessing no wheelbarrow and having grossly underestimated the amount to be moved, I was reduced to hauling the sand to the skip by means of a pair of plastic buckets, filling them hundreds of times in the process and causing my hip bones to settle somewhat lower on my legs than is their custom so that my knees felt within easy reach of my calloused hands.

I was frozen solid and afraid to straighten up in case I snapped.

What annoyed me, apart from my obvious labour-induced decrepitude, was that I had not wanted to shift the sand in the first place. The decision that it should go had been taken by two of the other local residents: a pair of foxes who moved in last summer to the sand bank in the corner of our Greenwich garden and who were evidently engaged in extending their *premises.*

We had not seen them during the long summer days. Indeed, I still haven't, though my wife swears to a ghostly vision on the lawn one autumn night when the moon was full. But each morning, over a period of a week, their pawprints betrayed them. More to the point, their mountain of sand betrayed them. They could shift the stuff prodigiously. It lay everywhere in piles up to a foot high, smothering the grass and choking what we laughingly would call the flowerbeds.

Foxes, it transpires, enjoy sand. It makes them feel good. They can shift it for hours. They *burrow into its pleasant soft*ness with enthusiastic claws, sending out storms behind them that would do credit to a snow-blower on the M1.

I, on the other hand, shift it only with great pain. Moreover, I choose to shift it once only. When it is gone I like it to stay that way. Not the foxes. I can only assume that the vixen changes her mind every other day. Now she wants the breakfast-room there, with the cubs sleeping in bunks in the same bedroom; now it's separate rooms for all, plus a second bathroom and a jacuzzi.

We like foxes. Unlike many I have met whose first reaction *to "vermin" in the garden* would be to reach for the flame-thrower, my wife and I believe they should get a fair crack of the whip elsewhere than at the heel of the hunt. We would be quite content for them to carry on their squat and raise their young in peace.

We offered them a generous lease. They could stay as long as they liked for a peppercorn rent. The one condition was that they should not destroy the premises, and it is on this count that they have shamefully betrayed our trust.

No sooner had the skip departed and I disappeared into the warmth of a waiting bottle of wine than the wreckers were back at their work. I toiled again next day, this time removing the sand grain by grain from the lawn and distributing it rather lamely among the frozen weeds.

No good. Another sandstorm, another chilled Sahara, presided over by my son's snowman blown gaunt by the wind. There are now five holes in the bank. No sooner do I block one in a bid to prevent further incursions than another appears. The bank now totters like a camel's hump, threatening to come down on the just and the unjust alike.

As I say, I like foxes. But not as much as I did. As I sit of an evening nursing my aching limbs and pulling wings off flies, I begin to think fondly of flamethrowers.

Walter Ellis

جكانيه الأصل

Feeling adventurous? . . . Join the FT safari

The lure of the wild

IF YOU are one of that great band of armchair travellers for whom the African safari remains one of life's most enduring dreams, now is your chance to make the dream come true.

For the FT has persuaded Abercrombie & Kent, one of the best-known tour operators specialising in African travel, and Alan Elliott, one of Zimbabwe's most experienced bush experts, to lead a special, one-off, old-fashioned safari out into the African bush. It will be a journey back in time to discover the Africa that most of us first met in the pages of Hemingway, in the memoirs of the great white hunters and most recently and most fashionably in the pages of Karen Blixen's Out of Africa.

Alan Elliott will lead the group into areas where no tour operator has yet taken its troupe of Land-Rovers and walkie-talkies, where there are no lush lodges or pre-determined circuits, no viewing hide-outs or organised entertainments specially devised to humour the tourists. It will not be for those who expect all Africa's glories to be served up to order so that they can quickly and efficiently tick off the "big five." It will not be for those who are sticklers for time-tables or who will fret if a Land-Rover breaks down or dinner is late. If you cannot face the heat and the dust, the flies and nights on a camp-bed, then this is not the trip for you.

There will be times when you will be uncomfortable, times when you will be apprehensive, but I feel confident that there will be few times when you will be bored.

This trip will above all be for those with a sense of adventure, with a longing to experience something of the Africa that was. Those of us who have only come upon Africa in recent times can have little conception of what it was like in its hey-day. Karen Blixen herself could remember when "all Africa was a deer-park." Most of Africa has changed from the continent of "boundless bounty" to the continent of the endangered wildlife species. But there are still pockets where great efforts have been made to preserve the wildlife and the habitat on which it depends and the great parks of Zimbabwe are some of them.

But what the first-time voyager to Africa needs most of all is an experienced guide, somebody who knows the bush and all its ways, somebody who can transform an interesting experience into the experience of a life-time. Alan Elliott is that kind of man. A fourth-generation Zimbabwean, he grew up in the bush, speaking the local language, tracking wild bees for honey, learning about wild fruits and hunting the occasional gazelle for the pot. With him as our leader we will be able to go into remote areas, like the unfrequented, almost unknown parts of the Chizarira Park.

Safari leader Alan Elliott with his family

There is not a bush or a leaf, a spoor or a bird-call that Alan Elliott cannot recognise and talk about. With him we will be able to walk and track on foot, something that today you can do in very few parts of Africa. If this is something you have never done, then you have an experience in store. On foot you learn to be quiet and patient. As Peter Mathiessen in his book "The Tree Where Man Was Born" puts it—"On foot, the pulse of Africa comes through your boot. You are an animal among others, chary of the shadowed places, of sudden quiet in the air."

With Alan Elliott you will learn to catch what Karen Blixen calls the rhythm of Africa.

Our tour starts on Friday September 19 this year when we leave London airport for Harare. It arrives back at Heathrow in the early morning of Sunday October 5. It takes in a visit to the Victoria Falls (a must for those who have never seen it), two night at Sikumi Tree Lodge (comfortable beds and all mod-cons in thatched tree houses overlooking a beautiful wild valley full of tsessebe) and two nights at Elliott's tented camp, Makololo, on the wilder edges of Hwange (ex-Wankie) National Park.

Hwange, once the exclusive royal hunting preserve of Mzilikazi, warrior king of the Ndebele, is an enormous, flat savannahland on the edge of the Kalahari. When you are in it, it seems to stretch to the rim of the earth. Once known as the white man's grave because of tsetse fly it is now one of the most spectacular examples of what half a century of conservation can do to build up the levels of game.

When I was there last year we tracked rhino on foot; we found great herds of elephant moving in that silent way of theirs, like a grey army, through the bush; on one of the night-drives, when we had almost given up hope of ever coming upon leopard, Alan Elliot found us a pair up a tree where we could observe them for many minutes.

From Makalolo we will set out for the highlight of the trip — the part that no tour operator offers — six days on safari through the Chizarira National Park in Northern Zimbabwe. Remote, beautiful and inaccessible, it is one of the last great wildernesses of the world. Fewer than 300 visitors have been into this vast land of rivers, natural springs, of msasa and mfuti trees, of sudden bush fires and rugged mountains and gorges — and certainly no tour operator ever ventures there. There will be Land-Rovers to carry the equipment and staff to put it up and provide the food. Fly camps will be set up at night wherever Alan Elliott decides we should camp, so you will sleep under canvas, surrounded by all the sounds that make a night in the bush so memorable.

On a typical day you will get up with the sun and walk or drive through a classic African landscape of thorny bush and grazing plains, of savannah and dry earth that has hardly changed since Livingstone's time. You will come back to huge breakfast as the sun rises high in the sky and then you may track game or climb gorges where the nests of fish eagles, black stork or Egyptian vultures are to be found. After lunch you may read or rest until sunset—another great moment in the bush. The light is soft, the air is full of impending drama for we know and the gentler animals know that the predators will soon be out. This is a time for more walks or drives to see the predators and the gathering of animals at the watering holes. After dark there will sometimes be night-drives looking for the nocturnal animals—civet, genet, ant-bear, porcupine, jackal and hyena.

After the dusty rigours of the safari you can fall into the luxury of three nights at Rukomechi camp. Here there are charming and individual thatched lodges, with running water and beds with proper mattresses, all on a memorable site on the banks of the Zambezi river. In front stretches the river itself and the blue line of the Zambian mountains. Behind is the richness of the Mana Pools game reserves—an enchanting park with a large gathering of elephants, plenty of lion and masses of bird life. You will be able to walk on foot, go for game drives, go canoeing on the Zambezi if you are prepared to dodge the hippo, or just rest.

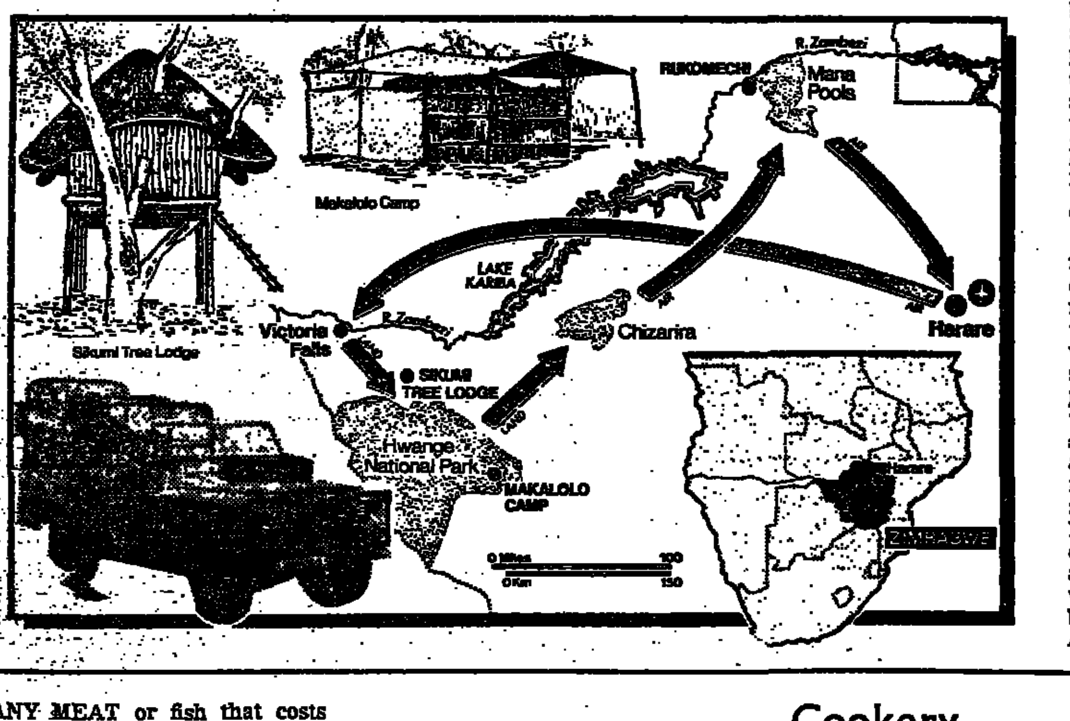
The tour itself isn't cheap—it could not be. You will be going into remote areas miles from civilisation accompanied by staff, landrovers, tents and all the other equipment that an overland safari needs. You will certainly be able to go to Africa more cheaply—what I am sure is that you will not be able to go to Africa in a way that is more interesting or more richly rewarding.

The group will consist of 16 people (excluding Alan Elliott and his staff) and the price will be £2,690. This will include almost everything except a few personal requirements like drink, laundry, telephone calls and lunch and the dinner on the first day in Harare. Anybody interested in a more detailed itinerary should write to me at the Financial Times. Mark your envelope Safari.

It will have to be first come, first served. I will start a list on Monday next for people wishing to reserve a place, which they can do by writing to me. I would like to stress that you should be fit and well if you propose joining the safari—though it will not be terribly strenuous there will be days at a time when you will be out of reach of doctors, chemists and all the other props of western life. To confirm a place, a deposit of £100 per head payable to Abercrombie and Kent will be required. The full balance will be payable on August 19.

Lucia van der Post

HOW TO SPEND IT



Cocoon that produces coats in season

IF THE shops are full of bikinis it can't be summer. If it were you know where those bikinis would be—sold out every one until the next cold spell brings forth another crop. So what does the chilly mortal do who knows that with the crocuses and daffodils come the wind and the rain? She finds a good mail order company with sense and pride in service, that's what she does: a company that believes in selling the sort of clothes the customer wants when she wants them.

A new mail order company worth taking note of is Cocoon. Risen from the ashes of the troubled Antartex group, William McDonald, whose family company Antartex was, has produced a remarkable first collection of raincoats and sheepskins.

The raincoats are the star of the collection. William McDonald had been in the fashion business and noticed that there was a lack of choice between the safe, expensive classics like Burberry and Aquascutum and the cheaper end of the market. He decided to produce a fashion-orientated range that would do more than just keep the rain off the wearers' backs.

It all started when he found just the right fabric. Made from 60 per cent cotton, 40 per cent nylon mix, it is machine-washable and has a nice crinkly finish. It takes colour well and comes in good fashionable shades—bright scarlet, chic chocolate, pale biscuit, charcoal, black, royal blue and khaki. It is light and strong, does not tear, seems to be totally water-repellent, and yet breathes.

James Ferguson

The range is small yet highly fashionable. They have large roomy sleeves so that they can fit over any number of sweaters. There are padded shoulders, sculptured almost Japanese-like shapes, big pockets and lot of fine detailing. Several of the styles have matching sou'westers. They are all perfect for travelling as they pack up into a matching small pouch. When the pouch is unzipped they emerge pristine.

Sketched here is just one of the more fashionable designs. There are also immensely useful large, three-quarter-length coats, like big anoraks, which are wonderful for country hiking. They suit all ages and all sizes and Cocoon will make them to measure for no extra charge (unless you are especially tall or wide, in which case there is a small charge for extra fabric).

Prices vary from £59 to £85, which for raincoats as fashionable as these is exceedingly good.

There is also a range of wonderfully light and fine sheepskin coats. Colours of these are also a strong point, ranging from natural to a very stylish grey. Prices seem very good for the quality of the sheepskin, ranging from £... for a waistcoat to this double-breasted man's jacket at £16...

Orders take about two weeks to fulfil. For a brochure, price list and fabric swatches write to McDonald Scottish Originals, Blairbeich, Gartcharn, Dunbartonshire, Scotland, G83 8RR.

Lv...

The dinosaur revival

SHIU KAY KAN could be said to be the Richard Rogers of the lighting world — that is, his early designs caused shock, bewilderment and alarm to everybody except the young and impecunious who fell with relief upon his particular brand of alternative lighting. Inventive, cheap and utterly lacking in any decorative content, Shiu Kay Kan's designs brought a refreshing new approach to the whole business of lighting up the home. Many of his designs were very tongue in cheek (in particular his bare bulb hanging from the flex) but others were genuinely inexpensive ways of solving quite complex problems.

Now he seems, like Richard Rogers, to have joined the establishment. His latest lig... lacks none of his inventi... flair but it comes with a ve... establishment price ta... Called The Dinosaur (he sti... clearly has his jokey, u... pompous approach to l... work) it is a new solution ... the problem of the desk "task" light.

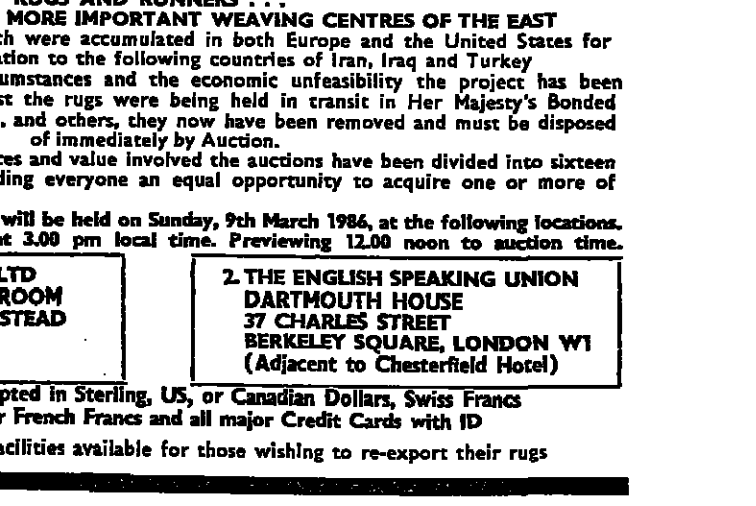
A large black body hous... the transformer. There is ... flexible, dinosaur-like ne... and the light source is a bu... in reflector halogen bu... There are four adjustable f... and the tout ensemble co... £99.50. Buy it either dir... from S. K. K. Lighting, ... Belsize Lane, London NI... 5BE or from Authentics, ... Shelton St, Covent Gard... London WC2.

Lv...

A simple touch of glass

ONCE UPON a time if you liked the quality of full lead crystal it was hard to track down in its simple, unadorned state. Usually, it was embellished with any number of fancy "cuts." Royal Doulton has now brought out its first collection of completely plain and simple full lead crystal—and how very much more beautiful it looks. The Vintage range, as this collection is called, has charming simply flared bowls and sturdy stems. They are good to hold and drink out of. Large wine goblets are £15.95 a pair, middle size ones, £13.95 and the aperitif sizes are £12.50 a pair. The jug or "handled carafe" as Royal Doulton refers to it is £17.95. They can be seen and bought in most good glass departments including those in Selfridges of Oxford Street, London W1, the Army and Navy in Camberley, Debenhams in Luton, and Browns of Chester.

LvdP



Cookery

Flexing your mussels

ANY MEAT or fish that costs as little as 45p a pound has got to be good news for budget conscious cooks. Any meat or fish that also looks and tastes as though it might cost at least four times as much seems to me little short of miraculous. Mussels are just such a prize.

The marine flavour of fresh mussels is exquisite and their colours and textures are splendid. If you were trying to design beautiful food, it would be hard to better those plump yellow-orange cushions of flesh nestling in silvery blue-black shells. The effect is simultaneously elegant and charming.

There is a catch. Mussels are far from being fast food. They have to be swirled in several changes of cold water, then scrubbed and de-bearded before cooking—tedious chores unless you plan them to coincide with a good play or concert on the radio or have a friend in the kitchen with whom to chat.

I love mussels with rice. A creamy risotta of aboro or avorio rice, moistened with mussel liquor and a splash of white wine, is deliciously soothing. Mussels on a bed of saffron rice with plum tomatoes and shiny black olives are gloriously opulent. Moules marinières is one of the world's great shellfish soups, and mussels stuffed with garlic butter and topped with a few crisp breadcrumbs seem always to be a favourite appetiser. Bacon figures in both recipes which follow, but the character of the two dishes is quite different.

MUSSEL, BACON AND CELERIAC SALAD

This makes an attractive first course for a party of eight people or a lunch dish for four. Proportions can be altered if you like. For lighter results I sometimes include more apple, celeriac and watercress than suggested here.

4 lb mussels; 6 oz streaky bacon; 2 large Coxes apples; 1 celeriac root weighing 1½ lb or more; 2 bunches watercress; mayonnaise made with 1 egg yolk + ¼ pt olive oil.

Clean the mussels thoroughly, discarding any that are damaged or do not close tightly when firmly tapped. Put them into a large pan with four or five spoonsful of water, cover with the lid and cook over high heat, shaking the pan occasionally until the mussels have opened. Then reduce heat and simmer, still covered, for a further two/three minutes.

Remove the mussels from the pan. Discard any that have not opened. Shell the rest as soon as they are cool enough to handle. Put them into a small bowl, add a spoonful of the strained cooking liquor and cover tightly. This is important to stop the mussels from becoming dry and shrivelled.

Strain the rest of the cooking liquor, using a double thickness of butter muslin to extract any grit and boil fast for a few minutes until reduced quite a bit and deliciously concentrated in flavour. Set aside to cool. Grill the bacon until fairly crisp. Cut it into bite-size snippets and set aside to cool.

Make the mayonnaise (home-made mayonnaise of good thick consistency, made using the yolk—but no white—of an egg is important to this dish). Then, thin and flavour it by beating in a few spoonsful of the reduced mussel liquor to make a thickish pouring sauce. Save the rest of the liquid for a fish soup.

Peel the celeriac and cut it into fine julienne strips, or grate it using the coarsest grating blade of a food processor. Toss the celeriac as soon as prepared in two/three tablespoons of the sauce to prevent it discolouring. Add the apple, which should be cored but not peeled, and cut into larges dice. Mix gently but thoroughly. Everything up to this stage can be prepared well ahead of serving.

Up to an hour before serving, add the mussels and two/three tablespoons of the sauce to the celeriac and apple mixture. Toss gently and arrange in a ringe on a shallow serving dish. Pile the watercress into the centre and scatter the bacon snippets over the whole thing. Serve the rest of the sauce in a small bowl, handing it round so that everyone can help themselves, and offer plenty of good bread, made hot and crusty by warming in the oven just before serving.

MUSSEL AND BACON ROLYPOLY

A wonderfully warming and comforting lunch dish for a blustery cold day, this is an excellent recipe for sharing 2 lb mussels between four/five people.

6 oz plain flour (all white or half white half wholemeal) 2 oz fine fresh breadcrumbs; 1 teaspoonful baking powder parsley and thyme; 4 oz grated or shredded suit; salt and freshly ground black pepper; about 4 fluid oz cold water or mussel liquor to bnd the suetcrust dough 2 lemons. For the filling: 2 lb mussels; ¾ lb streaky bacon about 3 oz very finely chopped onion or spring onion.

Clean the mussels thoroughly, discarding any that are damaged or do not close tightly when tapped firmly. Put them into a pan with a couple of spoonsful of water, cover with a lid and place over fierce heat. Check the pan every few seconds so you can remove each mussel as soon as it opens—the shellfish will continue cooking in the suet crust later.

Discard any mussels that refuse to open. Shell the rest and cover them to prevent drying out. Strain the mussel cooking liquor through butter muslin to extract any grit and cool it. Cut the bacon into snippets and chop the onion very finely. Mix these two ingredients together with a good grinding of black pepper, then mix them with the mussels.

Make a suet crust pastry in the usual way using the flour(s), breadcrumbs, baking powder, suet, six tablespoons fresh chopped parsley and a quarter-teaspoon dried thyme, and bind the dough with mussel liquor instead of water for extra flavour. (If using plain water, season the dough with a little salt).

Roll out the dough to an oblong about 12 x 10 inches. Sprinkle the filling over the dough, leaving a half-inch clear at the edges. Damp the pastry edges and then roll up the rolypoly, like a Swiss roll, from one long side to the other. Press the edges gently together to seal well.

Using fish slices, carefully lift the rolypoly onto a large double-thick sheet of greased foil and make a baggy but well sealed parcel—allow plenty of room inside the package for the rolypoly to expand in cooking.

Slide the parcel onto a baking tray and bake at 400 F (200 C), gas mark six, for 50-60 minutes. Open the top of the foil and continue baking for 10-15 minutes more to colour and crisp the crust a little.

Serve piping hot with wedges of juicy lemon and green vegetables such as button Brussels sprouts, lightly steamed Kenyan beans or Florentine fennel. Fresh fruit — an orange salad or a cold compote of early pink rhubarb — makes the best sort of pudding to follow a rolypoly.

Philippa Davenport

Cry Traitor

TREASON IN TUDOR ENGLAND: POLITICS AND PARANOIA
by Lacey Baldwin Smith. Jonathan Cape. £16.00 342 pages

THERE USED to be a conversational game in which, having been told an answer, you had to infer the question. Eg. Answer, "Chicken Sukiyaki." Question, "What is the name of the oldest surviving Kamikaze pilot?" I was reminded of this by Professor Baldwin Smith's book. What should the title be? Not "Treason in Tudor England." That surely leads a reader to expect a survey of treason between 1485 and 1603; yet this the Professor does not attempt. For a start, he never mentions Henry VII or anything in his reign. His selection of plots for examination is meagre. For instance, he has nothing to say about Throckmorton's plot, while Babington does not even appear in the index.

The book is about the state of mind of educated Englishmen in the 16th century, particularly the nobles, courtiers, politicians and their hangers-on. It begins with three examples of "plots," (though only the first two were really plots as generally understood—Botolf's to betray Calais in 1540; Parry's, 1583-85, to assassinate Elizabeth I; and the more-or-less undisguised opposition, in 1548-49, of Thomas Seymour to Protector Somerset) The Professor points out that a number of Tudor traitors "behaved in an unimaginably irrational and infantile fashion, as if they were asking to be destroyed... How is such persistent idiocy and failure to be explained?" This raises expectations: presumably it is going to be explained now. "Any explanation of sedition ... must be tied to the psychological, social and human links of the chain that entangled... the loyal and disloyal alike. The proper study of treason, therefore, is the study of the entire sink... of 16th century politics." Splendid! So off we go!

Erudition is deployed to support the contention that collectively, the 16th century manifested "paranoid symptoms" to a degree not found in earlier or later centuries: "paranoid" meaning not only "unreasonably suspicious of everyone in general," but also "characterised by the conviction that things are never as they seem and that evil forces are secretly manipulating them." Next, it is argued that in 16th century England a gentleman's education was in effect "a training in paranoia." Although, again, plenty of contemporary evidence is quoted (Sir Thomas More, Cleland, Ascham, Gardiner, Erasmus, Sidney, *et al*), I found myself wondering whether Professor Baldwin Smith had not picked out all he could find about suspicion and stressed it. For instance, he cites Ecclesiasticus, apparently much used in educating 16th century boys. Now no one can really maintain that Ecclesiasticus is predominantly "paranoiac." Rather the opposite: "Remove sorrow far from thee; for sorrow hath destroyed many, and there is no profit therein. Envy and wrath shorten a man's days; and care bringeth old age before the time."

Next comes the Tudor cosmos—personal devil, music of the spheres, etc. This includes, *en passant*, the remark "It is not surprising that" (Elizabeth I's) "portraits are devoid of humanity and tend to be two-dimensional tabloids." How about a trip to the hall of Jesus College, Oxford? After a sound enough exposition of the Tudor animistic cosmos, we learn that "William Cecil and his entire century searched always for self-interested evil." Well, they undoubtedly did; but more than, say, Charles II's ministers? More than the 20th century Pentagon?

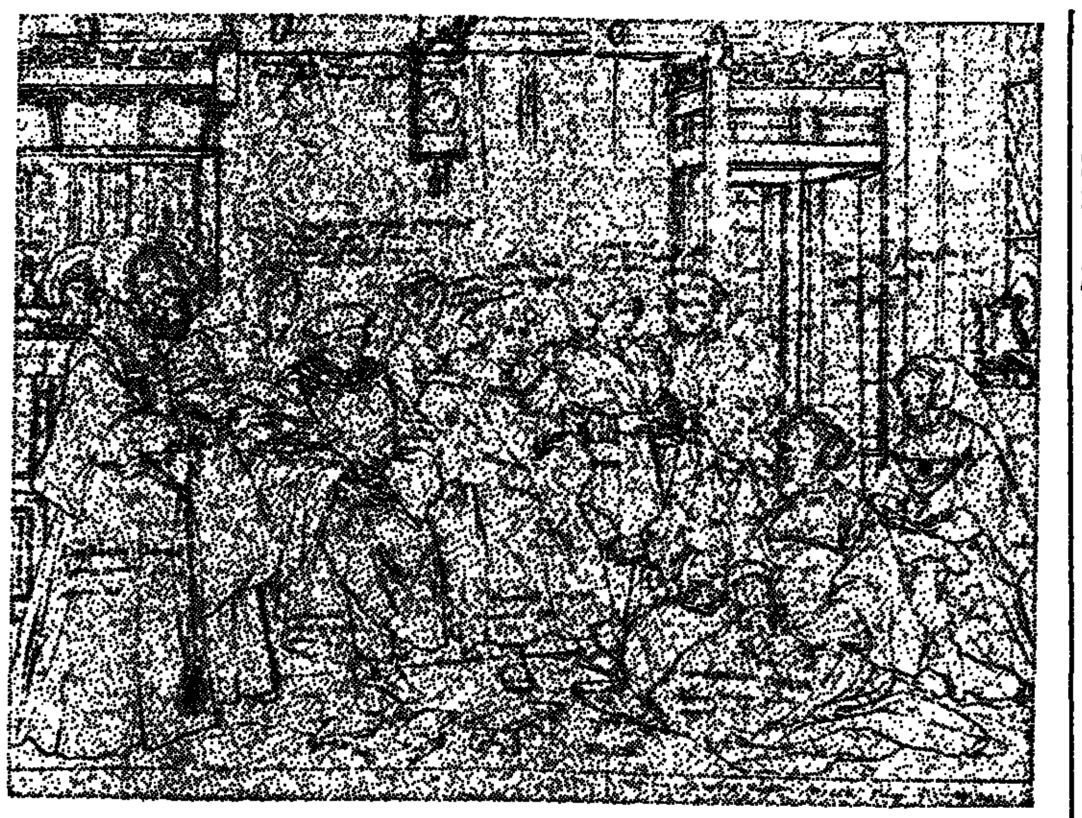
There follows an account of the 16th century court, where, in an atmosphere of slander and envy, men schemed for advancement and the patronage of favourites. "They show such extraordinary fears as is a wonder to behold." (Cardinal Allen). This is where I part company with Professor Baldwin Smith. "Something had happened in 16th century England which no amount of ... analysis can totally explain." But surely the explanation lies in religious conflict? Few plots until the Reformation. Reformation England was a Protestant fortress, beset by the Catholic powers. As with the ancient Greeks and Persians, a man could always bunk, taking with him his ambition and inside knowledge; and you never knew who might be going to do it next; or conversely, who might be a fanatical papal agent (like the unmentioned Babington).

The final 85 pages—more than 30 per cent of the book—are devoted to an account of Essex, his upbringing, career, rebellion and fall. And that's all: no final summary, no general conclusions. In the light of what has already been said, Essex is evidently supposed to typify and explain all treason in Tudor England. Plainly he does not. As Eartha Kitt remarked: "A part of my heart was most badly let down. The day that the circus left town."

Professor Baldwin Smith's earlier books, Henry VIII and The Elizabethan Epic, received widespread praise. I doubt this one will. Apart from anything else, it is written with a kind of flashy cuteness which makes it trying to read and inevitably undermines confidence in the author's judgment. He talks about "the magnetic personality of King Hal" and consistently refers to Elizabeth I as "Gloriana." (Occasionally she's "Bess.") Syphilis is "Venus' curse." Essex "cashed in all of his chips with his royal mistress." "The servant ... vetting the flow of information." Elizabeth, visiting Lady Warwick, "discovered Dorothy" (Perrot) "as one of the house guests." There is also some palpable rubbish. "Today we believe that we know so much about the ... perverse nature of authority ... that we have almost ceased to think in terms of individual rulers." Like Thatcher, you mean? Mitterrand? Gorbachev? Reagan?

Well, what is the title? How about "Suspicion in the 16th century English Court and Society?" The book could then at least claim merit for interesting erudition and a certain pace and economy. It falls short of explaining treason in Tudor England. The omission of Henry VII's reign is significant, for the explanation, of course, lies in religious fanaticism. Essex and Seymour were not plotters; they were rebels, and rebellion was something else. But this distinction would not suit Professor Baldwin Smith.

Richard Adams



Sir Thomas More (centre) at home in Chelsea surrounded by his family, from a drawing by Holbein. He was later executed for treason. Traitors in Tudor England are examined in Lacey Baldwin Smith's book reviewed below

Saving her bacon

THE THATCHER PHENOMENON
by Hugo Young and Anne Sloman. BBC publications £3.95. 144 pages

ONE STORY in this book deserves to be repeated almost in full. Mrs Thatcher when she was Secretary of State for Education was being briefed by Sir William Pile, her chief official, in preparation for the next day's Cabinet meeting:

"What's the time?" she said.

"Ten to five."

"Oh, I must go and get some bacon."

Pile said: "What do you mean?"

She said: "I must get Denis some bacon."

Pile said: "Well the girls in the office outside can get it for you."

"No," she said, "they won't know what kind of bacon he likes."

So the future Prime Minister put on her hat, coat and gloves, walked down to Clarges Street, across the road into Shepherd Market, bought a pound of streaky bacon, came back, took them off, sat down and said: "Now, where were we?" The pair of them resumed discussing the £30m that the Chancellor was proposing should be cut from the department's bid for public expenditure.

Sir William seems to think that her behaviour was extraordinary, even an insult to the Civil Service. He was wrong in other ways as well. "The wisdom that comes from having to make the right decision," he recorded, "when there is nothing else to guide you is not something I noticed her possessing." On the contrary: one of Mrs Thatcher's talents is to go off in the right direction when conventional wisdom has failed.

Quite a lot of the comments in this collection of broadcasts by BBC Radio 4 last year are remarkably patronising, and not only from the Civil Service. There is Dame Janet Vaughan, the former Principal of Somerville, declaring: "She could neither enjoy a joke nor make one." Also Mr Roy Hattersley, the deputy leader of the Labour Party: "She came into politics with a very clear set of prejudices." And Mr Hattersley?

Some are perceptive. Sir Alan Walters, formerly her economic adviser and one of the key figures in her entourage, says:

> The jibe that she's developed economics from considering household decisions seems to me to be an accolade. I mean, that is how you should think about economics, you should think concretely. She thinks in household terms to work out a principle, and she works it out so that it is consistent with her observations and consistent with her experience—very valuable.

Compare that to the asinine comment of Sir Monty Finniston, formerly head of the British Steel Corporation: "I mean you don't have overdrafts and loans and equity when you're running your home." Odd kind of home.

There are some tributes from Denis Healey, General Haig and Zbigniew Brzezinski, the former National Security advisor to President Carter. There is also a nice touch from Sir Keith Joseph of all people:

> I tell you something she's not good at; she's not very good at relaxing, taking time off, that's the nature of the creature, God bless her, I think.

Closest to the mark of the likeable Mrs Thatcher is probably Sir Anthony Parsons, briefly her foreign affairs adviser and a man capable of standing up to her:

> She has got great charm... I remember when President Machel of Mozambique came, for example, it was tremendous fun — the whole meeting and the lunch afterwards. There was no formality or stiffness about it at all.

It was Machel as much as anyone who was responsible for the agreement in Rhodesia-Zimbabwe.

Some of the interviewees, like Sally Oppenheim, are right to stress the importance of her husband. "When I'm in a state," she told this reviewer shortly after she became Prime Minister, "I have no-one to turn to except Denis. He puts his arm round me and says: 'Darling, you sound just like Harold Wilson.' And then I always start to laugh."

Malcolm Rutherford

Dissection of a fake

SELLING HITLER: THE STORY OF HITLER'S DIARIES
by Robert Harris Faber & Faber £10.95, 402 pages

WHEN THE TIMES announced on April 23, 1983, that Hitler's secret diaries had been discovered and were about to be published, it had to be the hoax of the century. The Nazi dictator's death 38 years earlier had been shrouded in such mystery that the British army of occupation in Germany seconded an Oxford don—Hugh Trevor-Roper — to investigate the events. His book—The Last Days of Hitler—has for long been acknowledged as the best work available on the subject. Hitler and Eva Braun had committed suicide and their bodies had been cremated just outside the Fuehrerbunker on April 30, 1945.

A few days earlier, Major Friedrich Gundlfinger had taken off from the embattled ruins of Nazi Berlin in a Junkers 352 transport laden with Hitler's papers, possessions and documents in an attempt to carry them to safety at Berchtesgaden. But the 'plane was shot down near Boernersdorf in east Germany. When Hitler heard this news, he exclaimed: "In that plane were all my private archives that I had intended as a testament to posterity. It is a catastrophe."

At this point, a 35-year interval intrudes and fact turns to myth as a succeeding generation of Germans fumble to uncover the links between them and the nebulous Nazi past, which they have been taught to disregard. For there seems to be a gaping void in German history between 1930 and 1945 which young Germans would, understandably, like to fill. Could evidence of the unmentionable past be exhumed?

The story moves to South Germany where Gerd Heidemann, an expert on Nazi research, met a collector of Nazi relics named Fritz Stiefel. He, together with an old Nazi named August Priesack, convinced Heidemann that the Hitler diaries could be purchased. The actual forgery was the work of a petty criminal from Stuttgart named Konrad Kujau, who had started by faking luncheon-vouchers and had amassed Nazi memorabilia, partly out of interest and partly to sell them for gain. Before the Hitler diaries, Kujau had tried his hand at fabricating various other Hitler writings, encountering few challenges.

Kujau—alias Dr Konrad Fischer—had fled in 1957 from East Germany, where he was *wanted for theft. He fell foul* of the law in West Germany too on numerous occasions, landing himself in financial trouble.

By late 1982, there was no way a mammoth hoax could be avoided, unless an independent expert could cast doubt on the diaries' authenticity. But one expert engaged by Stern could not even read German. Another had been given Hitler's handwriting from a forged archive to compare with that of the diaries themselves, and found they matched. The experts' verdict was muted or ambiguous.

By early 1983 other experts had provided ambiguous opinions about the diaries which Stern was about to serialise and syndicate to the world's press. Trevor-Roper, by then Lord Dacre and Master of Peterhouse, was the most prominent authority to be hoodwinked after viewing the diaries together with the rest of the collection of Nazi memorabilia in Zurich. The Dacre visit had been stage-managed by Stern's senior managers and editors.

No one, however, had put much emphasis on the content of the diaries. Had they done so, they could have been recognised earlier for what they were. The mind of the real Hitler had been well described by Trevor-Roper thus: "A terrible phenomenon, imposing indeed in its granitic harshness and yet infinitely squalid in its miscellaneous lumber — like some huge barbarian monolith, the expression of giant strength and savage genius, surrounded by a festering heap of refuse."

None of this was conveyed by the trivia recorded in the diaries, probably because the real author was ignorant of this aspect of Hitler, as were his clients. Indeed, some victims *of the hoax may have seen in* the forgery a justification for their own new-found retrospective tolerance for the Führer.

Finally, the West German Federal Archives pronounced—rather late in the day — that the diaries were a crude forgery. It had all been a series of lies — rather like Nazi propaganda itself. Come to that, Kujau and Heidemann reflected to a considerable degree the relationship five decades earlier between Hitler and the Germans: one a talented liar, the other an impoverished fantasist. No one will ever know what the senior management at Stern believed, but their motives were probably confused: at best they were re-writing German history, at worst defending the reputation of an ace reporter. Robert Harris's book leaves none of the sordid facts untold.

William D. Sholto

Fiction

All aboard for Rathdoon

THE LILAC BUS
by Maeve Binchy. Century, £8.95, 200 pages

PRIVATE PAPERS
by Margaret Forster. Chatto & Windus, £8.95, 214 pages

SEEING THINGS
by Frances Thomas. Gollancz, £8.95, 165 pages

A SERVANT'S TALE
by Paula Fox. Virago, £9.95, 321 pages

EVERY FRIDAY night, after work is over, The Lilac Bus sets out from Dublin with a cargo of weekenders, bound for their home town of Rathdoon. It is a minibus, privately owned, always carrying the same seven passengers, each of them known to all the others, each a mystery to the others too.

There is Dee, the trainee solicitor, politely listening as receptionist Nancy prattles on and on about her employers, a trio of doctors whose private lives—as related by Nancy—appear interminably dull to the others on the bus. They wonder how Dee can bear to listen, little realising that one of the doctors is Dee's married lover, that she is feeding on Nancy's every word, hoping for a clue, a crumb of comfort, a sign as to his future intentions. Like a seagull wheeling around a fishing boat, her mind reverts again and again to Nancy's outpourings, analysing her every sentence for a hint of what is really in her lover's mind.

And so on. Everybody on the bus has his own secret. A nurse worries about her alcoholic mother, an estate agent wonders what his boyfriend will get up to while he is away. A middle-aged flower-child, legally prevented from seeing her children after a marijuana bust, goes home to a cold and empty house. Everybody has his own miseries, his own private fears and longings. All human nature is on the bus, for better or worse, cheerfully exposed by Maeve Binchy, narrated with great sympathy and understanding.

Margaret Forster too enjoys the notion of a common theme seen from different viewpoints. Her Private Papers charts the career of Penelope Butler, a somewhat priggish woman widowed during the war and left to bring up four daughters on her own, one of them adopted. Penelope keeps a log, part memoir, part diary, a record of her thoughts and feelings about the family as she watches them grow up and go their separate ways. The log is discovered by Rosemary, her eldest child, who reads it secretly amid growing irritation. Penelope has one version of events; Rosemary another. The nub of the book lies in the continual interplay between the two.

According to Rosemary, her mother is a Sydney Cartonish figure, perpetually sacrificing herself for others—and making sure everyone knows it—writing the official family history, but shredding everyone's evidence except her own. A sour old hypocrite who puts words into people's mouths, making them behave as she thinks they ought to have behaved, rather than as they actually did. According to Penelope, Rosemary in her turn is no great shakes either. The truth no doubt lies somewhere in the middle, as with most families. Margaret Forster tells it all very entertainingly, with a shrewd eye for the unhappiness and self-delusion of everyday life.

Margaret Forster: eye for self-delusion

Frances Thomas's Seeing Things is a satirical first novel, a rebellion no doubt against her Catholic education, and none the worse for that. Thirteen-year-old Anne Marie Kelly, a working class pupil at snobby Seven Sorrows convent, insists that she has had a vision of Our Lady on the common—just like St Bernadette—and defies any of the nuns to prove her wrong. They banish her from school, only to see her acquire a cult following after the miraculous cure of a terminally ill cancer patient. The Bishop intervenes, the nuns are unsettled, the Church is faced with the consequences of its own dogma—but attendance at Mass has doubled in some cases, the very revival they were hoping for.

Sister Scholastica meanwhile lusts after beautiful Rachel Gold and chooses her to play the Virgin Mary in the Christmas tableau—hardly the right part for a nice Jewish girl—or is it? But then Scholastica is a bit wrong in the head, out of touch with the real world, like so many others in the book. It shapes up for a nice little comedy once it has got into its stride, though the author needs to put the boot in a bit more sharply next time for maximum effect.

A Servant's Tale, by Paula Fox, is a more or less routine biography of Luisa, born on the Caribbean island of San Pedro, the daughter of a kitchen maid and the plantation owner's youngest son. Her Spanish grandmother refuses to acknowledge her existence, even after her father does the decent thing and marries her mother. They head off to New York instead and scratch a living in the Hispanic community during the Depression years. Luisa marries, divorces, and at the end of her long life pays a return visit to San Pedro, still a servant, a lonely old woman, nicely observed by the author in a vivid, panoramic narrative, but a little too maudlin overall to take to one's heart.

Nicholas Best

Labour MP sorts out the priorities

SOCIALISM AND FREEDOM
by Bryan Gould. Macmillan £8.95, 109 pages

BRYAN GOULD, Labour MP for Dagenham, writing as one who is both a practising politician with an industrial constituency and a former Oxford law tutor, is well placed to make a full frontal attack on the idea that there is some clash between freedom and socialism.

Rather, for him, as he explains in this challenging book, you cannot have one without the other, and communist authoritarianism is not socialism at all. What Gould means by "socialism" is "the diffusion and equalisation of power among all members of society," which requires in practice a "more equal distribution of economic power."

Gould, therefore emphatically rejects the view that real freedom is merely negative—i.e. the absence of political and legal constraints—and he challenges the philosopher John Rawls's doctrine that freedom has, or ought to have, some absolute priority over equality. In plain English, Gould is arguing that it is not much use offering freedom of thought and conscience to a starving Ethiopian mother. She wants food. (And if Rawls objects that this is an extreme case, Gould could reply that the living standards of a third of mankind are nearer to that level than to those of the Western liberal intellectual.) In philosophical terms, his argument means that economic deprivation is as great a constraint on freedom as legal barriers, since the ability to exercise freedom is as crucial as its mere possession.

The most valuable part of Gould's book is his criticism of this particular Rawlsian doctrine. Rational men and women, reaching a hypothetical social contract, in ignorance of their prospective place in society, Gould contends, would surely treat the greatest practicable equality as just as desirable an ideal as the widest possible liberty.

Otherwise, the main burden of Gould's argument is to oppose all who try to infiltrate an authoritarian taint into British socialism. He himself wants rather to see more practical, and not just doctrinal, liberty: in concrete terms: "the community's acceptance of the responsibility for providing the basics of life, including health, education, food and shelter." For though market forces must be widely used, they will—left to themselves—make for ever greater inequality; as indeed *economic life in South America*, the Middle East and elsewhere in Asia and Africa eloquently testify.

Both those who accept and those who would question Gould's conclusions will, I think, agree that he has here made a major contribution to a fundamental debate.

Douglas Jay

CRIME

KILLING ORDERS
by Sara Paretsky. Gollancz £8.95 233 pages

FALSE COLOURS
by Miriam Borgenicht. Macmillan £7.95 183 pages

ANOTHER ADVENTURE in the hazardous life of V. I. Warshawski *in Killing Orders*; she is Vic to her friends and Victoria to her enemies. The latter include her formidable Aunt Rosa, long estranged, who sends, reluctantly, for her private eye niece to investigate a stock forgery. The ins and outs of the solution grow complex at times, but for the reader the central interest is Ms Warshawski herself, a prickly but essentially human character.

Except for an obsessive repetition of Chicago street names, Sara Paretsky writes an uncluttered, welcomely literate prose (and is felicitous in her use of wisecracks).

In False Colours the whole story rests on a premise difficult to accept: namely, that intelligent Ellen, always the bright one at school, could allow herself to be entangled in a patently absurb situation, even though the entangler is her beloved step-sister, pretty June. If you *can swallow the first* chapters, you have no difficulty reading the rest.

William Weaver

Early Britons revisited

THE ENGLISH SETTLEMENTS
by J. N. Myres. Oxford £15.00, 272 pages.

J. N. L. MYRES's new book is a replacement for the second part of the book known to generations of students as "Collingwood and Myres," a history of Roman Britain and the Anglo-Saxon settlement of eastern England during the fifth century. It is remarkable that a book written 50 years ago should be rewritten by the original author, who is able to draw on the considerable contributions he has himself made in the intervening decades to this field of study.

Nevertheless, I am not sure that this book does him justice or that it is a good introduction to the period it deals with. The first point is that the small format and the limited number of illustrations which the author has managed to persuade the publishers to include are really not adequate. A work is not made more scholarly by eschewing pictures and not only the general reader, but scholars, would be saved from many misapprehensions by a simple inspection of the place or things they are studying. Understanding of the past can only be helped by a concrete visual presentation of the context of the material under discussion.

A more serious problem is the very shape of the book as an attempt to write history and political history at that. It is concerned with the movements of particular groups of Germanic peoples into Britain and with what can be reconstructed of the exploits of their earliest recorded leaders. This is a bit like making bricks without straw. Dr Myres does himself provide a very fair summary of the inadequacies of the historical sources for the period, which one might take even further. Even so, he attempts to build on those shaky foundations, especially in the chapter on Wessex. He does not devote much attention to the economic and social background to the period, about which we do now know rather more, mostly from archaeological excavation.

It is a period which should be rather treated as "proto-historic" than fully historical, and analysed with the methods of archaeology and prehistory. This means that we already know, and are likely to discover far more, about how society was *organised, what life was like* and what long-term changes there were, than about precise political events which are not so easily detectable from archaeological remains.

I am not convinced that the distribution of particular kinds of metalwork or pottery has anything to do with the campaigns of persons named Aelle or Ceawlin, whose dates, spheres of action and even existence can all be called in question. Such distributions might, however, say a great deal about the scale of manufacture of such objects and the size of the areas in which different fashions prevailed, which might tell us something about regional divisions and so ultimately, perhaps about political divisions, but they are unlikely to says much about individual battles or kings.

Another aspect of the book is that its strength, Dr Myres's long years of work in the field, is also its weakness. It is extremely difficult to distance oneself from one's own earlier work. I should not like to be called upon to do this myself and Dr Myres has probably succeeded as well as most could —but this still means that there are places where the work he did some years ago stimulated subsequent research which has called his original conclusions in doubt, but where he still adheres to his first thesis. For example, many people would now deny the "Germanic" character of "Romano-Saxon" pottery, and there are other ways of looking at the "ingas" place-names and the distribution of late Roman belt-fittings.

I am not sure who the book is meant for, or who would benefit from reading it. Specialists will learn from it even while disagreeing, but students would need too much advice on debateable points for it to be a reliable work of reference—and they might be confused by references to "recent" excavations which took place mostly before their births, and by a bibliography which is idiosyncratic in its inclusion of material for the past 20 years.

The general reader would be better advised to look at some of the more obviously "popular" books on Anglo-Saxon England, which should not be assumed to be less up to date and authoritative for their more accessible format and illustrations. Such works as the still useful Penguin on the Anglo-Saxons by David Wilson, or the recent work edited by James Campbell, might be a much better starting-point.

Dr Myres's reputation will rest soundly on the 1930 version of this book, written at a time when much in it was new, and on his later work on Anglo-Saxon pottery. This new book is best seen as a *foot-note*, not a crowning achievement, to his life's work.

C. M. Hills

A theatre as beautiful as any in Britain reopens at Cheltenham

"Everyman, I will go with thee . . ."

THE FLOWER that once has blown for ever dies," said Omar Khayyam, but for once he was mistaken. One of the most beautiful theatres in the country, the Everyman at Cheltenham, makes a grand reopening next week after three years in which it looked as if the builders would never be out, with a royal visit from Princess Anne.

Strictly speaking, the Everyman has already reopened, for among the features included in its elaborate restoration is a small studio theatre, the Ralph Richardson Theatre, which opened on February 20 with an interesting small-scale *Peer Gynt*. Lady Richardson came to its opening.

The Everyman was built (in six months!) in 1891 by George Matcham, the best, and the busiest, theatre architect of his time, remembered today not for many theatres he built all over the place for Moss Empires, but for the Coliseum, the Hippodrome and other handsome houses. In 1891 the Everyman opened as the New Theatre and Opera House, with a dedication from the stage by Lillie Langtry, playing Rosalind in *As You Like It*.

The Opera House it remained until the summer of 1959. Cheltenham Corporation had bought it from the original managers in 1953, but after four years of unprofitable management, they decided to close it down. A loyal Theatre Association—still active, still loyal—was determined to have it open again by Christmas. They had their Christmas show, and the following spring the 1960 season opened with a play by N. C. Hunter, *A Piece of Silver*.

The management did better this time, and work went on until three years ago, when it became clear that it could not continue with the building in its current condition. "The dressing rooms," the house manager told me, "are in a kind of lean-to at the back of the building, only nowadays it's more of a lean-from."

A £2.5m building programme was embarked on, with funds from Cheltenham Borough Council, Gloucestershire County Council, Cruden Developments, the Arts Council, the English Tourist Board and a development board of local benefactors under the chairmanship of Sir Robert Hunt, chairman of Dowty Group.

In the event, building costs have been more like £3m, but the money has been well invested. The Everyman has become as lovely a theatre as any in the country, "as though," in Keat's phrase, "a rose should shut and be a bud again." The house next door (No 10 Regent Street, as it was) has been incorporated into the theatre complex and the frontage charmingly extended.

The extra space allows for a new coffee bar, licensed bar and restaurant with, on the top floor, a private hospitality room. There is a state-of-the-art electronic box office. Besides the Regent Street entrance under the attractive canopy extended from the Opera House original, there will be access from the neighbouring new shopping arcade (the Cruden Developments factor), and from the multi-storey car park above it where, during theatre hours, parking will be free.

The lean-to dressing rooms have been amplified to eight, with a Greenroom and a rehearsal room. There is a new, slightly larger, stage and a new fly-tower.

The Everyman was given that name in 1960 when it reopened after its dark days. It was thought, rightly, that the chances of playing opera in the house were slight—though the Buxton Opera House, another Matcham design, still has its opera season, and the Everyman's first-class acoustics are perfectly suitable if the opportunity presents itself.

It was intended to reopen for Christmas. John Doyle, the new artistic director, having promised a pantomime. But the builders overstayed their welcome and indeed fingers are crossed even now when the prospect is considered of their being clear by March 20, for *My Fair Lady*. But at any rate, what they have done is first-class.

Matcham's auditorium is in his characteristic manner with curved cantilever circles slung between parallel walls in a rectilinear hall. It is handsomely decorated in what you might call a Victorian Baroque style restored now to its pristine splendour. The seating has been reupholstered in a warm red.

The studio theatre, or Ralph Richardson, is typical of its kind, a small, featureless room that can be altered in shape, seating capacity and so on, according to requirement. Sir Ralph, Cheltenham born, visited the theatre (where he never played) just before restoration began.

"What are you going to do with the rats?" he asked. He reckoned they ought to be trapped and released under the new house; they would bring it luck.

B. A. Young

Final stages of renovation to the facade

Heritage

Osborne House, Isle of Wight

Queen Victoria's lifestyle

SOME HEALTHY competition has disturbed the calm of that most sedate of industries, the *national heritage*. Two suitably named bodies are competing for dominance, the National Trust and English Heritage, which is the privatised Historic Buildings and Monuments Commission. Under its chairman, Lord Montagu, and with generous financial subsidy, English Heritage is developing a voracious cultural appetite.

Last year its prize acquisitions were the grand houses of the doomed GLC — Kenwood, Rangers and Marble Hill. This year it is fighting hard to gain control of that 18th century masterpiece, Kedleston, and the most important British house of the 1930s, Monkton in Sussex, built by Lutyens for the surrealist millionaire, Edward James. To bridge the century gap it has also acquired Osborne, on the Isle of Wight, the much copied epitome of 19th century seashore architecture, designed by Prince Albert for Queen Victoria.

Osborne was planned as a breeding farm for the Royal family and then converted into a mausoleum for Prince Albert. Victoria died there, with a photograph of Albert on his death bed on the pillow beside her. Edward VII, who hated the place, promptly gave it to the nation, but before he forsook the island he looted Osborne of its best pictures, notably Prince Albert's Italian primitives, and sealed off his parents' private rooms, which remained inviolate for over 50 years.

Osborne has been opened up in stages in modern times but this year English Heritage throws open the doors of the grandest state room. Until now it has been used as the drawing room of the convalescents who occupy the old servants' quarters. Now all the rooms that would have been occupied by Victoria and her family are in the public domain.

From Easter, for £2.20p, visitors will be ushered into the Council Room, the room in which the Privy Council gathered for those essential business meetings from which Victoria could not escape. It must have been a dreadful journey for them across the Solent, but they would have a fine view to admire as they waited for their Queen, down the Italianate landscaped garden to the sea. Today the view is blocked by trees, but English Heritage hopes to knock some down and open it up again.

The main painting in the Council Room, a murky Landseer was carried off by Edward, but a copy of it will replace the painting he substituted, a large portrait of himself. His daughter-in-law, Queen Mary, *tried to remove two oval* plaques of Victoria and Albert but could not detach them from their mounts. A crack marks her bungling.

The Queen's adjacent audience chamber is typical of Osborne, a tiny, domesticated room. It has two doors opening into the Council Room so that the Queen and her consort could enter together, avoiding embarrassments over precedence. The corridor which circles the house is also wide enough for the pair to perambulate together.

They were seldom separated. Osborne has just one royal bedroom, with the Queen's lavatory and bathroom close by. The prince had to walk all round the private rooms to perform his toilet. His rooms were left untouched by Victoria and still include some daubs by the royal pair. They worked alongside each other in desks in her sitting room, surrounded by portraits of the family and such odd fads of the time as modelled marble limbs of the royal children. The nine of them are remembered everywhere at Osborne — their chairs, their dining table, their portraits inlaid into desks, their busts decorating the drawing room. The Queen is omnipresent, too, most attractively in a white statue depicting her as a diminutive 4 ft 10 in Greek goddess, perhaps a romantic gift from a doting husband.

Osborne currently gets just over 200,000 visitors a year. English Heritage hopes for 300,000. It is lengthening the season and putting together a marketing package of its four Isle of Wight properties — Carisbrooke and Yarmouth castles and Appuldurcombe House make up the quartet.

English Heritage will make more charges at Osborne next year when the 150th anniversary of Victoria's accession will be celebrated. It will ask the Queen to search out nursery furniture in the royal palaces which might originally have come from Osborne to complete the refurnishing of the nurseries, which should be complete by 1987. The gardens, a great attraction at Osborne, will be extended. Tableaux, on the lines of Warwick Castle, could appear in the Council Room and an educational centre in the stables. All told £700,000 will be spent.

It is a good investment. Apart from the addition of the ornate Durbar Room around 1890 the house is complete in its period in its exterior and to a great extent, its interior. It is much lighter and less cluttered than the typical Victorian home, yet this was the one that set the fashion. Affairs of state might have intruded on the desired domestic bliss, but Osborne is blatantly ungrand. It humanises Victoria and the very fact that it lacks masterpieces tells you much about her taste, a taste that ordained that she left Osborne for her final journey to Windsor dressed in her (let-out) wedding dress to be rejoined with Albert in Heaven.

Antony Thorncroft

Saleroom

Access to ancestors

OVER THE past hundred years portrait miniatures, or rather the best of them, have become rich mens' baubles. They gave American parvenus instant access to important ancestors. In the early decades of this century miniatures (along with gold boxes, suits of armour, tapestries, and 18th century English portraits) were selling for sums not yet equalled, all because they offered ostentatious links with the past.

Pierpont Morgan built up the finest collection. In his day miniatures by Hilliard and Holbein sold for today's equivalent of £100,000 or more. In recent years miniatures have gone out of fashion but on March 17 *Sotheby's is selling the finest* collection to appear on the market since the Morgan dispersal of 1935. *Appropriately*, it was owned by a latter-day millionaire, Sir Charles Clore.

Sir Charles bought from Wildenstein a complete collection, that of the French connoisseur David-Weill. It is slanted towards continental miniatures of the second golden age of the art, 1780 to 1820. Compared with the early 1920s top prices this month will seem comparatively cheap—a miniature by Fuger of Marie Christine, Archduchess of Austria, might make £30,000; a rare miniature by Fragonard of a child could top £20,000.

This compares with the most recent highs of £49,680 paid for a pair of portraits by John Smart in 1984, and the £25,332 for another Fuger in 1979. Nevertheless this exceptional collection, which includes miniatures by such masters as Augustin and Isabey, should give the long anticipated boost to the miniature market.

Most miniature sales are modest occasions. Few lots top £1,000, and it is possible to acquire attractive, if anonymous, miniatures of 17th and 18th century worthies for as little as £400. Prices have moved gently upwards, but no more rapidly than inflation, and the very absence of a price upheaval makes this a popular tip for an art investment market with potential.

Clore apart, there have been, since the last war, few wealthy collectors to excite the trade. Those who have caught the bug tend to buy in specialist areas. Continentals buy continental miniatures; the British buy home-grown output. There are bidders for soldiers, and for pretty ladies, for Napoleon and his age, and for the early miniatures of the 16th and 17th centuries. Museums are rarely interested enough to add a scholarly—and financial—underpinning to the market. There can be problems over attribution, and condition, among the earlier works.

Prices at the Clore sale will give a false impression of the day-to-day demand for portrait miniatures. A more realistic assessment of price trends was offered at Sotheby's last sale in December. A miniature of a gentleman by Thomas Flatman, a work made around 1660, sold for £1,320: in 1968 it had realised £240 at auction. A very similar price appreciation was achieved by a Horace Hone miniature of a gentleman, done in 1818—it moved from £65 in 1968 to £362 in December.

Anonymous miniatures are not so desirable as those of the famous. Sir Henry Vane carries a modest reputation from the mid-17th century, and his miniature by the sought-after Samuel Cooper rose in price from £1,550 in the Heckett dispersal of 1977 to £4,400 in December. But demand is selective. In the same auction a miniature of Queen Elizabeth by Hilliard was unsold at around £4,600—yet another Hilliard of the Faery Queen had made £5,250 (over £100,000 in today's currency) earlier this century. But this latest version was not really very decorative.

Apart from the fact that, in historical terms, miniatures are cheap, there are other reasons to recommend them as a potentially interesting investment market. The very absence of museum buying ensures that the best examples do not disappear for ever into institutions. They are objects which only make sense, in both a decorative and historical sense, if bought as an expanding collection; it is quite possible to accumulate a fine historical group comparatively cheaply. Some of the earliest miniatures, such as 17th century examples in oil on copper, are out of fashion and represent real bargains; and the mid-18th century "modest" school of small-scale miniatures also look inexpensive.

As in all saleroom markets knowledge, good advice, and personal interest are essential for the accumulation of a worthwhile collection. Miniatures may be out of tune with modern times but they are redolent with romantic, decorative, and artistic associations which suggest that their day will come again.

Antony Thornycroft

A miniature by Charles Henard: "Two Brothers"

Radio

St. David takes to the air

ST ANDREW'S DAY barely showed on English radio, but St David's Day sent it into a frenzy of observation. Radio 2 collected all available Welshmen, from Harry Secombe to Neil Kinnock, for a celebration on Saturday morning. In *Awen* on Friday, Radio 3 gave the poetry of the defeated Welsh warriors 1,000 years ago. Radio 4 filled the first three of the week's major drama spots with Welsh plays, though none of them was more than marginally Welsh.

The Saturday thriller was Mike Dorell's *Three of Swords*. A dodgy policeman (played by Mike Hayward) probed the death of his girl-friend from an overdose of heroin, although he was already under suspension for his connection with the case. Mystification was maintained by withholding vital items of information, released one by one as the story went on. The tarot card in the title was a bit of buckshee deceit, and had little to do with the plot.

The Monday Play was *Taken Out*, by Greg Cullen, and my lack of enjoyment had less to do with its dramatic merit than with my antipathy to its general sentiments. Relatives had gone to the Falklands to visit the place where their men, in the Welsh Guards, had died in the bombing of the Sir Galahad. Some of the guardsmen seem unable to believe that they are actually dead. An officer survivor recalls the alarms of the bombing. There was genuine feeling for the bereaved, but there seemed to me a suggestion that the men had died because of the incompetence of those higher up. Death in war *is a sad thing, but little is* gained by agonizing over whose fault it was.

The Penrhyn Summer, Tuesday afternoon's play, was a tainted romance by Alison Leonard about three young people with social handicaps. Madeleine (Alexandra Mathie), unemployed boyfriend to take any work that she thinks will blemish the environment; and the young man at her lodging poisons her holiday job of showing tourists over Penrhyn Castle by telling her of the wicked greed of Lord Penrhyn. All three of them were unlikeable, all nicely played. The director of all these Welsh plays was Adrian Mourby.

Shutdown, on Radio 4 on Tuesday, was the first of four programmes called "Communities in Crisis," the crises being quite different in each case.

Shutdown examined the fortunes of Corby since the steelworks closed six years ago and the steelworkers, many of them imported from Clydeside, decided that they would get the place going again.

The extent of their success is heartening indeed, and Margaret Percy's picture of the community today reassuring, though the point was made that firms with big names do not necessarily employ big work forces. Brian King was the producer.

Radio 4 has gone mad about eating. *The Food Programme* is now transmitted twice a week—and quite right, except that neither time is 12.30 on Sunday. There is a series under way called *Thought for Food* (a title borrowed from The Sunday Telegraph), in which Bob Symes tours the Continent looking for the characteristic local dishes.

B. A. Young

Records

The miracle is renewed

BELLINI: I CAPULETI E MONTECCHI
Agnes Baltsa, Edita Gruberova, Dano Raffanti, Gwynne Howell, John Tomlinson/Chorus and orchestra of ROH, Covent Garden/Riccardo Muti. EMI HMV EX270192-3 (two records)

BELLINI: LA SONNAMBULA
Maria Callas, Nicola Monti, Nicola Zaccaria, Eugenia Ratti, Fiorenza Cossotto etc./Chorus and orchestra of Scala, Milan/Antonio Votto. EMI HMV EX290043-3 (two records)

THESE are dog days at the Royal Opera, and so it is salutary to be reminded of the genuine artistic achievements that the house can accomplish every now and then (though rather more irregularly, alas, than many of us would wish). The addition, in March 1984, of Bellini's *Capulets and Montagues* to the repertory was just such an achievement. In advance thereof, I prepared myself (by means of the very dull 1976 EMI recording, with Beverly Sills and Janet Baker) to express outrage at the choice. In the event, I found it nothing less than a revelation.

Now EMI has issued a second recording of the work. It was taken "live" during the 1984 Covent Garden run—and so the success of the undertaking can be measured and saluted all over again. To coincide with the production, an essay by Andrew Porter in *About the House* proclaimed the work "the shortest and . . . in some ways the most adventurous and most 'modern' of all Bellini's operas."

The opera-goer who went to the premiere intending to jeer at this enthusiasm came out cheering it, and sharing it to the full. For, as conducted by Riccardo Muti, the opera was shown to be a strong, striking piece of *bel canto* music-drama—one in which the dreamy romantic lyricism that the later, better-known Bellini operas have taught us to consider peculiar to their composer is combined with unusual pithiness of action. This is a *Romeo and Juliet* opera pared down to essentials, and focused with unwavering beam on the lovers themselves. Insensitively handled, it sounds uneven, full of commonplace formula. Lovingly and understandingly handled, it reveals an unmistakeable originality of form and substance.

Muti's conducting seems hardly less impressive on records than it did in the theatre. The very nature of the recording means that stage noises intrude, vocal balance suffers, passing oddities, and studio-bound "perfection" is not a realisable aim. It also means, in this case, a glow of theatrical vitality, palpable at countless moments.

Muti, I wrote at the time, "conducts the opera like a man possessed by its beauties and determined to make them manifest." His familiar Italian-opera mannerisms—an insistence on strict tempo at the expense of spontaneous vocal inflexion, a sudden hard driving toward the close of concerted finales—remain in evidence. But, unlike in the conductor's many studio-made opera recordings, such examples of faltering style are redeemed by the sense of re-creative excitement with which the whole performance is imbued.

There is here also far greater freedom of instrumental and vocal *shaping than in those* Muti studio artefacts. Once more, Agnes Baltsa's Romeo comes across as an authentic Bellinian creation; the darkly passionate physical presence may be missed, but it is suggested in vocal utterance no less darkly passionate—wonderful in expression of tenderness, memorable in grief and woe. I regret the lack of solid tonal "core" in the voice of the Juliet, Edita Gruberova, rather more than I did in the theatre—the Pagliughi-like sweetness that the listener craves in "O quante volte" has to be supplied by art, though the recording emphasises, in compensation, how intelligently she did so. The other roles, including Dano Raffanti's unrefined but pleasingly open-sounding tenor Tybalt, matter less; it is the principals' show, and the conductor's, and an inspiring one.

The re-issued Callas/La Scala *Sonnambula* (happily reduced from five sides to four) demonstrates a rather different parade of Bellinian interpretative skills. The conductor, Antonino Votto, was a knowledgable *routinier*, a gentle, acommodating vocal accompanist—compared with *Muti's* front-seat figure, fingers firmly gripping the steering wheel, he often seems to be a back-seat presence. (When Callas sang the role at Scala in the famous 1955 Visconti production, the conductor was the young Bernstein; his "taut and concentrated direction," praised by Richard Fairman in his *Sonnambula* contribution to *Opera on Record 2*, can be appreciated on the Cetra Live album still quite widely in circulation.)

Yet Votto's low-voltage approach, and the blandness of the other cast members, only serve to throw into sharper relief the miraculous sensitivity to style that Callas brought to the title role. No-one else in the modern recording era shows this faultless, boundless Bellinian instinct—not Baltsa, not Sutherland, not Muti. "Miracle" is the word reached for over and again: to describe the control of line that stretches phrases into seamless long paragraphs, and finely graded vocal emission into incomparably eloquent dramatic statement, no other will do.

The tone is no sweeter, no more Pagliughi-like, than Gruberova's—rather less so, in many of the obvious places: of all the greatest roles in the Callas repertory, Amina constituted perhaps the greatest triumph of intelligence and musicianship over nature. As Fairman aptly describes the interpretative process, "It is as *though she had banished every* other operatic part from her thoughts and even from her voice." For the generations of opera-lovers without stage knowledge of Callas, the reissue of her records renews the miracle all over again.

Max Loppert

BRIDGE

CONTRACTS *are lost because* the declarers content themselves with a brief look at the position, instead of searching for possible dangers and seeing how they can be avoided. Today's hands explain what I mean. The first deal is from teams-of-four:

N
♠ J 7 4
♡ K 8
◇ K Q 10 2
♣ A K 8 4

W
♠ A Q 2
♡ J 7 4
◇ 9 8 7
♣ J 9 5 3

E
♠ 3
♡ Q 10 9 2
◇ A J 6 5 3
♣ Q 10 6

S
♠ K 10 9 8 6 5
♡ A 6 5 3
◇ 4
♣ 7 2

With both sides vulnerable, North dealt and bid one no trump and South jumped to four spades. West opened with the diamond nine, dummy played the Queen, the Ace won, and East returned his singleton trump. This allowed West to cash Queen and Ace and lead a third round. Unable to ruff a heart, the declarer ended up one trick short of contract.

South went wrong at trick one. He saw that playing dummy's Queen would set up the King for a heart discard, but he failed to realise that a trump return might be fatal if West held both missing honours. It was, therefore, vital to keep East from obtaining the lead and this could be achieved by *Avoidance*. He should play dummy's diamond two, not the Queen. This does not prevent East from getting in, but it makes him pay too high a price.

If East takes his Ace, dummy has two diamond winners to give homes to the heart losers; if the Ace is not played West continues with another diamond (there is nothing better), dummy's Queen is played, East covers, and South ruffs. He cashes King and Ace of hearts, ruffs a heart on the table, and throws a heart on the diamond King.

The average declarer plays that diamond Queen at trick one without a second's thought.

The next hand occurred in a rubber of very fair standard:

N
♠ 4
♡ Q J 10 7 3
◇ Q J 6 4
♣ A K 9

W
♠ J 10 9 8 2
♡ —
◇ K 8 5 3
♣ J 8 7 3

E
♠ K 7 6 3
♡ K 2
◇ 9 7
♣ Q 10 6 4 2

S
♠ A Q 5
♡ A 9 8 6 5 4
◇ A 10 2
♣ 5

With North-South game East dealt, and South opened the bidding with one heart. North liked his hand and decided to make a forcing take-out of three clubs. When his partner replied with three hearts, he raised to four. South now made a cue-bid of five diamonds and this encouraged North to bid six hearts, which became the final contract.

West led the Knave of spades, the declarer won with the Queen, and at once cashed the Ace of trumps—his mother's knee told him at an early age never to finesse with 11 cards. But the trumps were not 1-1 and the diamond King was wrong, so the contract failed.

Let us replay the hand. At trick two we cash the spade Ace, discarding the club nine, and ruff the last spade in dummy. We cross to the club Ace and cash the King, throwing our two of diamonds. Then we lead the Queen of trumps and, in spite of what we learnt at mother's knee, we run it. As the cards lie, it wins, and we can later try the diamond finesse for an overtrick.

Suppose West wins with the King? you say. That is no problem. He is endplayed—a diamond runs into South's tenace, a black suit return concedes a ruff discard.

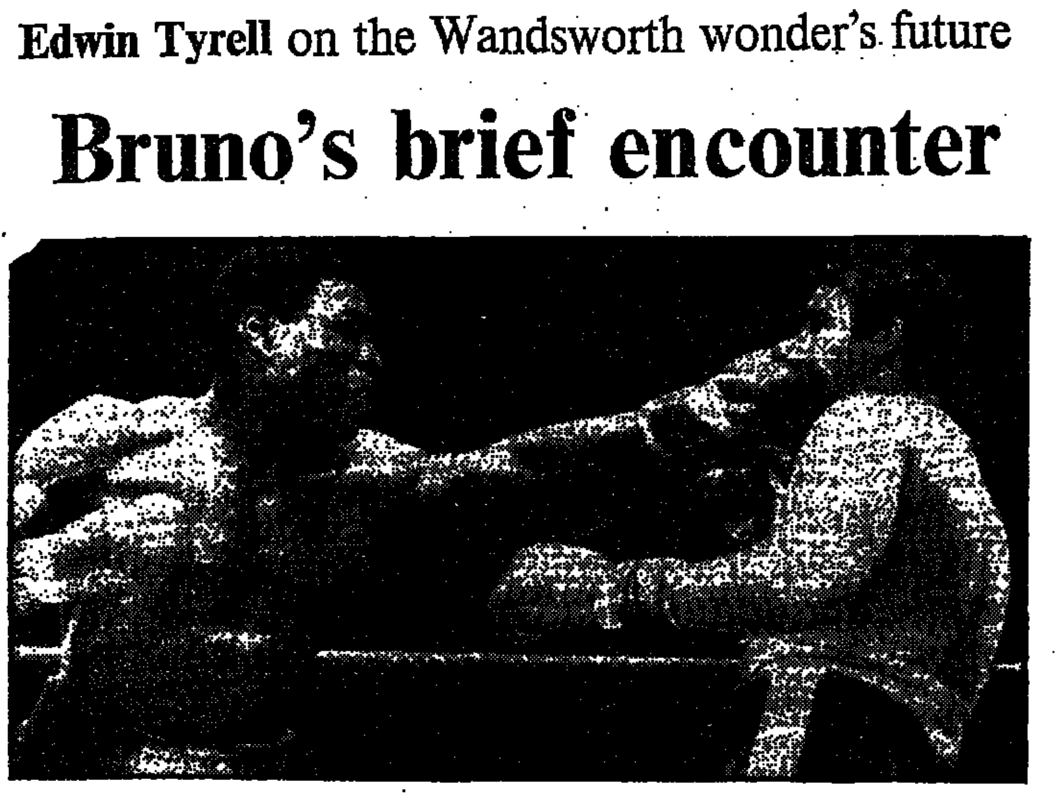
E. P. C. Cotter

Solution to Chess No 6[illegible]

1 P—R6, KxR; 2 P—R7, and if 2 . . . P—B3; 3 P—R8=N, or 2 . . . K—B3; 3 Q—B6. If 1 . . . PxR; 2 Q—QN7, KxP; 3 Q—KR1.

Edwin Tyrell on the Wandsworth wonder's future

Bruno's brief encounter



Frank Bruno takes a left jab at Gerrie Coetzee

THE POLITICAL muscle of American boxing promoters and specifically Don King may—at least initially—pack even more power than the punches which Frank Bruno landed in his brief encounter with Gerrie Coetzee this week. The first step to a world heavyweight championship fight for the 16-stone-plus giant from Wandsworth may take some time to accomplish. The idea that one finds a world champion by matching the best against the next best and so on down the ladder of talent is a notion that went out of this sport about the time Nero bribed his way into the Olympic Games.

Boxing is business and world heavyweight boxing is big business and attracts the devious, the adventurer and the criminal. It is even more confusing now there are three organisations with their own world champions: Pinklon Thomas of the World Boxing Council, Tim Witherspoon (the man on whom Bruno has his immediate sights) of the World Boxing Association and Leon Spinks of the International Boxing Federation.

In the United States the sport now relies almost totally for its funding on television, but the $10m purses of a few years ago are no longer available because of the problems of American TV and boxing's loss of credibility through the three-way split. There are single champions, like Marvin Hagler, the middleweight who defends his title in Las Vegas early on Tuesday morning British time, but none of the ruling bodies seems inclined to merge with the other or wind itself up.

At the moment King, the most powerful figure, is organising, through Home Box Office, one of America's leading cable TV companies, an eliminating series between the top heavyweights. While it might look to some as an earnest gesture to get rid of the confusion about who is champion of what, those closer to the sport believe it is calculated to give King an even tighter control of boxing than he holds already.

In all this Bruno was a very small fish—"Frank Who" to most American fight followers—until this weekend. Those right-hand shots which demolished Coetzee were seen initially on Financial News Network, a small American TV service; this afternoon, if last-minute negotiations are completed, they will be shown on CBS's nationally networked sports show. Bruno has also flown to Las Vegas to be interviewed. It helps to promote the man and helps the WBA to advance to their objective of bringing Bruno and their champion, Witherspoon, into the ring as soon as possible.

There are two problems to be resolved. First Witherspoon was found to have marijuana in his system after his last title fight, when he beat Tony Tubbs. The WBA, if they follow their rules, should ban him for life. If they do not then the next problem to be faced is that King's son manages Witherspoon. If the champion is banished then the WBA might order a fight for the vacant title between Tubbs and Bruno; but that may cause a problem because Tubbs is under the King management.

Bruno and his manager, Terry Lawless, might be bemused and dismayed by this jungle but for the agility of Micky Duff. He is really a partner of the operation hoping to make Bruno world champion, in that he jointly promotes with Mike Barrett at the Royal Albert Hall and Wembley. But Duff lives most of the time in the US, where he has strong boxing influences—he manages John Mugabe, the man who faces Hagler next week. Duff is the man who has made Britain's recent crop of world champions, including Jim Watt, Maurice Hope, Charlie Magri and Barry McGuigan.

The key has so often been the amount of money which Duff and Barrett could offer to bring the champion to Britain; it was that factor which persuaded Coetzee to come to Wembley. The one weapon that Duff and his partners have against King is a seven-figure sum to fight at Wembley Stadium in June. It could be £2m, perhaps more now that Bruno has shown so clearly that he packs a punch.

But will money be enough for King? His past record shows that when he lets his fighters out on someone else's promotion he protects his investment by taking a slice of the action in the next fight, if his man loses. Lawless, Duff and Barrett will have none of that. "We've got time on our side, there is no need to hurry," Lawless told me, showing that the idea of Bruno becoming a world heavyweight champion (not the heavyweight champion) by June is a bit of a dream. But the world's boxing followers want a heavyweight champion who can punch and that gives Bruno a foot in the door.

Alan Forrest on the shivers in the sporting world

Deep-frozen assets

RACING IS back. Next week's three-day National Hunt Festival is saved and the sport that suffered most after more than 100 frozen-out race meetings — any over 300,000 lost customers at a fiver a time through the turnstile — can breathe again.

Edward Gillespie, Cheltenham's racecourse manager, was in high glee yesterday. "The course is raceable now after almost a foot of frost has gone," he said. He was less communicative about what the going will be like on Tuesday, the first day of the festival.

Through the long February shiver, the bookies, as usual, haven't done too badly. Ante-post betting for Cheltenham stopped in its tracks, but a lot of money was taken on betting on the day racing would be resumed. It happened at Catterick in the frozen wastes of north Yorkshire. "We'd have offered you 100—1 against that."

Taking League soccer as a guide to sport's problems during the freeze-up, I have just done a breakdown with Trevor Bailey on what the lost weekends have cost several typical clubs.

Arsenal in the First Division, living up to the slogan "lucky old Arsenal," have lost only one game. But that was a match against Chelsea, a local Derby which would be expected to bring in £200,000. If it is played in April, they may do even better, but Arsenal's experience is an exception.

Watford, another First Division club, have been less fortunate. They had to postpone matches against Everton, Bury (FA Cup) and Nottingham Forest and the loss of £150,000 has made things difficult for a small, but well-managed club.

In the Second Division, Crystal Palace have been forced to rearrange two home fixtures. This means they could not bank about £90,000

Brentford, in the Third Division, found themselves about £18,000 light after two postponed games, but they kept their bank manager happy by selling a player to Reading.

Rugby Union has suffered less. The five-nation international programme is up to date—those super hair-driers did wonders with Twickenham's sacred turf to get the England v Ireland match played. Today one of Twickenham's institutions, the Army and Navy match for the Stewart Wrightson Trophy, is definitely on.

And now back to Cheltenham, the most exiciting sporting event to follow the frost. Ante-post betting was given a shot in the arm on Thursday when Burrough Hill Lad, the 1984 Gold Cup winner and this year's 6-4 favourite, was declared a non-runner because of "leg trouble." This immediately made Mrs Charmian Hill's Dawn Run 2-1 favourite with last year's winner, Forgive n' Forget 4-1.

Whatever the weather, it could be one of the great Cheltenham festivals. There is the chance of two wonder horses emerging—can Dawn Run become the first Cheltenham Double winner — Champion Hurdler (1984) and Gold Cup winner this year, and can See You Then win two Champion Hurdles in a row, the first horse to do it since the great Sea Pigeon.

Incidentally, I stick to my fancy for the Gold Cup—Wayward Lad, now dropped in the betting from 14-1 to 10-1.

Private View

Today's tricky tomorrow

"NOT MUCH to worry about here," said Sir Hugh Cudlipp, contemptuously holding up the first issue of the Murdoch Sun at a ceremony lunch at the Dorchester for Daily Mirror executives. "What a shambles!" A nervous gaffaw ran around the table and the waiter topped up our champagne glasses so that we could drink to the defeat of Rupert.

That was on November 17, 1969. Within two years the Sun had become a serious threat to Britain's biggest-selling daily newspaper. In 1977 the Sun overtook the Mirror and today maintains a lead of more than a million copies a day.

So to the Fleet Street mockers and knockers who have had a field day rubbishing their newest rival, Today, I will say just this: early days. Don't tempt fate by writing off Eddie Shah before he's had time to get it right.

Nevertheless, he certainly *hasn't* got it right yet and he has fallen flat on his face with Today's main claim on history: whizzo technology. Direct input, electronic page make-up and satellite transmission of colour pages turn out to be neither as fast nor as efficient as the devastatingly effective (but dreadfully inefficient) combination of hot metal and British Rail.

News delivered to the breakfast table or picked up at the station on the way to work is what readers want, not muddy colour pictures of the Queen "transmitted in seconds down a telephone line on an Israeli-made Scitex scanner machine ..." delivered mid-morning. The old-technology-bashing and print-union-burying that has dominated discussion of the newspaper industry for the past six months has entirely neglected the most important interested party in all this: the reader. The Man on the Rhyl promenade, as the great Arthur Christiansen used to describe the typical Express reader, doesn't buy a newspaper because it has been bounced off a satellite, he doesn't identify with its views because the leader writer has keyed the copy directly into the computer. It's not how it's done — it's what it is that matters.

So what does Today offer its readers besides colour (out of register) and space age delivery (several hours late)?

Its TV pages are in the same place, its leader pages are presented in the same way, it has photoes for women, for sport, for city and foreign news, all to be found in the usual places. It has its own Jean Rook, its own Marje Proops. There isn't much sign yet of original editorial thinking, except perhaps giving the weather a whole page in colour, which is certainly novel. It's the same old recipe, bounced off a satellite. There was a nice colour picture of the Queen in Australia on page one on Tuesday, another nice colour picture of the Queen on page five on Wednesday and, just in case we had forgotten what she looks like, another picture of the Queen on page fifteen on Thursday, this time in black and white.

For a newspaper that claims to be addressing the middle market, Today has yet to get its priorities right. It seriously underplayed the home loans story on Thursday, dismissing it in a paragraph on the City page when all its rivals, quite properly, projected the news boldly on the front or on page two.

Against the Daily Mail, it also lost out badly on law and order. On Thursday, the Mail carried a picture on its front page of Beauty, the dog who had her owner's purse stolen from her mouth ("Britain 1986; even the dogs get mugged") while Today recorded the robbery, without picture, on an inside page.

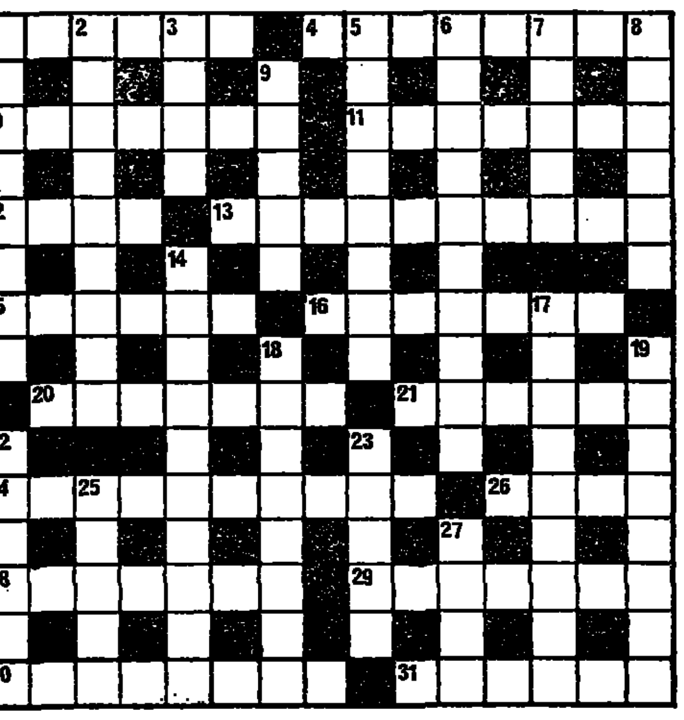
The paper is also, embarrassingly if understandably, self conscious. "Greaves is the name," wrote the TV critic, William Greaves, on Tuesday. "And I am actually paid to sit in a chair and watch television." Another writer was by-lined "Martin Townsend, age 25, Pop Editor." The paper justifiably blew its own trumpet in the first issue, but it was unnecessary to end the article, as it did, "Our paper will not normally write about itself or its chairman," particularly as it broke the promise next day with whole page explaining how "the world's first fully electronic newspaper" is produced. Heaven knows what the readers in Wigan made of videographers, central memory stores and back benches. By Thursday a hurt note had crept into Today's references to itself. Apologising for delivery delays and shortages, it said: "All the staff ... appreciate your comments on the contents of the paper, which is in such contrast to the negative attitudes of some commentators."

So rather than cause any more grief, I'll end on a positive note. Today is like the first motor car in a world of horse-drawn carriages which keeps on overtaking it. When the technology improves, the motor car is bound to win. What Eddie Shah must do is invent the turbo-charger before one of his horse-drawn rivals does.

Christopher Ward

Christopher Ward, who is Editorial Director of Redwood Publishing, was editor of the Daily Express from 1981-1983.

F.T. CROSSWORD PUZZLE No. 5,967



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

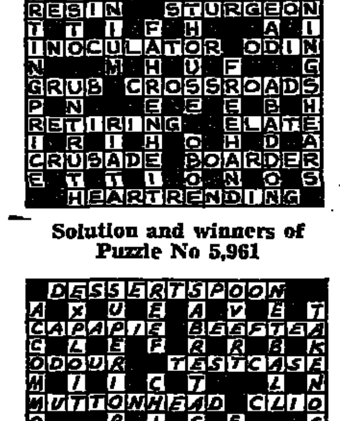
ACROSS

1 Cake used in bath? (6)
4 Non-metric piece of beard (8)
10 Sort of cake demanded by unions? (7)
11 Sort of cake for companies and teachers? (7)
12 Article used in measurement of the highway (4)
13 Implements for sort, and pieces, of cake (4, 6)
15 Entry, a high-class cake (6)
16 Sort of cake for wine (7)
20 Puzzle on a string to make cakes with (7)
21 Small church cake in Lancashire (6)
24 Royal cake? Feed on food that's gone back (10)
26 Symptoms for cake causes bad feeling (4)
28 Sort of cake causes affront to some (7)
29 Fruit for sound contemporary cake? (7)
30 Measure out sin with speed? (8)
31 Dad's attempt may be for cake (6)

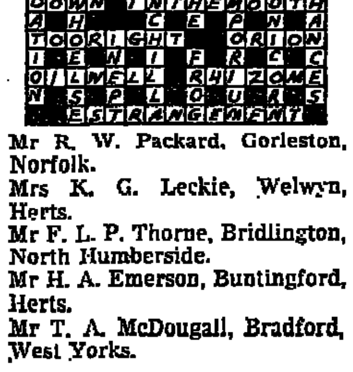
DOWN

1 Drainage vessel surrounded by herb (8)
2 Painting a former expression for a young man (3, 6)
3 Hand luggage control? (4)
5 Hump formed with cake in the middem (4, 4)
6 A cultural pursuit of great merit (10)
7 Style used by Palladio, Nicholson, etc (5)
8 Most recent half-century at a cricket match (6)
9 Repeatedly making a profit (6)
14 Wax myrtle: are its sticks taken in hand? (6, 4)
17 Unwilling to cause clutter around article (9)
18 Love upsets blondes: only long livers make them (3, 5)
19 Great Western Railway town (8)
22 An omnibus edition briefly slated? (6)
23 Good fellow may be dropped (5)
25 Aristocrats get off scot free? Not altogether (5)
27 Song with a tune coming up (4)

Solution to Puzzle No. 5,966



Solution and winners of Puzzle No 5,961



Mr R. W. Packard, Gorleston, Norfolk.
Mrs K. G. Leckie, Welwyn, Herts.
Mr F. L. P. Thorne, Bridlington, North Humberside.
Mr H. A. Emerson, Buntingford, Herts.
Mr T. A. McDougall, Bradford, West Yorks.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am Hunter's Gold. 8.55 Bananaman. 9.00 Saturday Superstore. 12.15 pm Grandstand, including 1.20 News: Football Focus: Billiards (Monarflex World Professional Championship): Racing from Chepstow: Bobsleighing (World Championships): Hockey (Royal Bank Indoor Club Finals): Rugby League (Silk Cut Challenge Cup): Ice Hockey: and at 4.40 Final Score (Classified Results).

5.05 pm News. 5.15 Regional programmes. 5.20 The Muppet Show. 5.45 Jim'll Fix It. 6.20 The Dukes of Hazzard. 7.05 Every Second Counts. 7.40 The Little and Large Show. 8.15 The Collectors. 9.05 News and Sport. 9.20 Film: "The House on Greenapple Road" (Janet Leigh, Christopher George and Julie Harris star in this made for television film). 11.10 Match of the Day. 12.10 am Film: The Horror *Movie:* "The Skull" (Peter Cushing and Christopher Lee star).

BBC 2

12.00 pm Film: "Twelve Angry Men" (starring Henry Fonda, Lee J. Cobb, Ed Begley, E. G. Marshall, Martin Balsam and Jack Klugman). 3.30 Film: "Mister Roberts" (starring Henry Fonda, James Cagney, William Powell, Jack Lemon). 5.30 Deutsch Direkt! 5.55 Horizon: The New Face of Leprosy. 6.45 Newsview. 7.25 International Pro-Celebrity Golf. 8.15 The Sea of Faith. 9.05 Stuart Burrows Sings. 9.55 Saturday Review. 10.45 Globe Theatre: "A Husband for Caterina" (in Italian with English subtitles). †11.45-12.30 am Jazz 625: The Thelonius Monk Quartet.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 Captain Scarlet. 11.30 Secret Valley. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Benson. 2.45 Athletics—England v USA. 4.45 Results Service. 5.00 News. 5.05 Connections. 5.35 The A-Team. 6.30 The Grumbleweeds Show. 7.00 The Price Is Right. 8.00 Murder, Mystery, Suspense. 9.45 News and Sport. 10.00 Aspel and Company. 10.45 LWT News Headlines followed by Movie Premiere: "The Gauntlet" starring Clint Eastwood. 12.30 am Night Thoughts.

CHANNEL 4

1.35 pm Channel 4 Racing from Sandown. †3.00 "Pygmalion" (Leslie Howard stars with Wendy Hiller). 4.50 The Three Stooges. 5.05 Brookside Omnibus. 6.00 Family Ties. 6.30 Unforgettable. 7.00 News Summary followed by Seven Days. 7.30 Down Home. 8.30 Saturday Live. 10.00 Hill Street Blues. †11.00 "The Mummy's Hand" (Dick Foran stars). †12.15 am "The Wolf Man" (Lon Chaney Jr stars with Claude Rains and Bela Lugosi).

S4C WALES

1.35 pm Racing from Sandown Park. 3.00 Dance Matinee. †3.50 Feature Film: "Folly to be Wise" stars Alistair Sim. 5.30 The Keller Instinct. 6.30 Gardeners' Calendar. 7.00 Hwrlibwrli. 7.30 Newyddion. 7.45 Stumiau. 8.15 Ymwcliad haf a dyffryn clwyd. 9.05 Bwyta 'n dda. 9.25 Y maes chwarae. 10.15 Saturday Live. 11.45 Brothers.

REGIONS

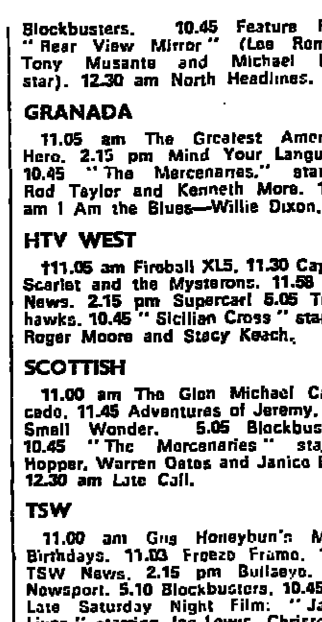
IBA Regions as London except at the following times:

ANGLIA

11.00 am Terrahawks. 11.30 The Flying Kiwi. 2.15 pm Small Wonder. 5.05 Blockbusters. 10.45 Film: "The Mercenaries" starring Rod Taylor and Kenneth More. 12.35 am Shared Prayer.

BORDER

11.00 am The Greatest American Hero. 2.15 pm Small Wonder. 5.05 Dreams. 10.45 Mannix.



Clint Eastwood
London, 10.45 pm

CENTRAL

11.00 am The Greatest American Hero. 2.15 pm Small Wonder. 5.05 Mr and Mrs. 10.45 The Bronson Movie: "Breakout" starring Robert Duvall and Jill Ireland.

CHANNEL

11.00 am The Greatest American Hero. 11.59 Today's Weather. 2.15 pm Mr Smith. 5.05 Blockbusters. 10.45 "The World is Full of Married Men." 12.25 am After Midnight.

GRAMPIAN

11.05 am The Greatest American Hero. 2.15 pm Small Wonder. 5.05 Blockbusters. 10.45 Feature Film: "Rear View Mirror" (Lee Remick, Tony Musante and Michael Beck star). 12.30 am North Headlines.

GRANADA

11.05 am The Greatest American Hero. 2.15 pm Mind Your Language. 10.45 "The Mercenaries," starring Rod Taylor and Kenneth More. 12.30 am I Am the Blues—Willie Dixon.

HTV WEST

†11.05 am Fireball XL5. 11.30 Captain Scarlet and the Mysterons. 11.58 HTV News. 2.15 pm Supercar! 5.05 Terrahawks. 10.45 "Sicilian Cross" starring Roger Moore and Stacy Keach.

SCOTTISH

11.00 am The Glen Michael Cavalcade. 11.45 Adventures of Jeremy. 2.15 Small Wonder. 5.05 Blockbusters. 10.45 "The Mercenaries" starring Hopper, Warren Oates and Janice Rule. 12.30 am Late Call.

TSW

11.00 am Gus Honeybun's Magic Birthdays. 11.03 Freeze Frame. 11.57 TSW News. 2.15 pm Bullseye. 5.05 Newsport. 5.10 Blockbusters. 10.45 The Late Saturday Night Film: "Jaguar Lives" starring Joe Lewis, Christopher Lee, Donald Pleasance and Barbara Bach. 12.30 am Postscript.

TVS

11.00 am The Greatest American Hero. 2.15 pm Mr Smith. 5.05 Blockbusters. 10.45 "The World is Full of Married Men" starring Anthony Franciosa and Carroll Baker. 12.25 After Midnight: Steve Miller Band in Concert. 1.20 am Company.

TYNE TEES

11.00 am Morning Glory. 11.05 The Little House on the Prairie. 2.15 pm Benson. 5.05 Mind Your Language. 10.45 "Breakout." 12.35 am Poet's Corner.

ULSTER

11.00 am The Baron. 11.58 Lunchtime News. 2.15 pm Small Wonder. 4.55 Sports Results. 5.03 Ulster News. 9.57 Ulster News. 10.45 Feature Film: "The Mercenaries" starring Rod Taylor and Yvette Mimieux. 12.25 am News At Bedtime.

YORKSHIRE

11.00 am Otherworld. 2.15 Small Wonder. 5.05 Ask No Questions. 10.45 "Jaguar Lives" starring Christopher Lee, Capucine, Donald Pleasance, Barbara Bach, Woody Strode and John Huston.

RADIO

(S) Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm Ken Dodd's Palace of Laughter. 1.30 Sport On 2 including Football (FA Cup Quarter Finals): Cricket (2nd Test, Port of Spain): Athletics (England v USA): Tennis (Davis Cup, 1st Round, Great Britain v Spain): Racing at Sandown Park and at 5.00 Sports Report. 6.00 Folk On 2. 7.00 Beat the Record. 7.30 Tchaikovsky from the Royal Festival Hall, London. Anthony Hopkins introduces and conducts the BBC Concert Orchestra and the Band of the Coldstream Guards (S). (8.20-8.40 Interval. David Bellan talks about Tchaikovsky and the ballet tradition). 9.30 String Sound (S). 10.05 Martin Kelner (S). 12.05 am Night Owls (S). 1.00 Steve Madden presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.35 Boston Symphony Orchestra conducted by Seiji Ozawa: Beethoven (Symphony No 4) (S). (12.10 pm Interval Reading). 12.35 Dvorák (Cello Concerto with Yo Yo Ma). 1.00 pm News. 1.05 Early Music Network (S). 2.00 Wilhelm Furtwangler. 4.00 Music for Piano Trio (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music For the Iron Voice (S). 7.05 Turina and Magnard (S). 8.00 "Massimilla Doni" first broadcast of Othmar Schoeck's opera, sung in German with Pamela Myers in the title role, Karl Anton Rickenbacker conducts the BBC Scottish SO in this BBC studio production (S). 8.35-8.40 Interval Reading. 9.50 The Seasons of Our Life (Anthology of poems). 10.10 "Massimilla Doni" (concluded) (S). 11.00 La Petite Bande (S). 11.57-12.00 News.

Medium wave as above except: 2.25-7.15 pm Cricket: Second Test. West Indies v England from Port of Spain, Trinidad.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective with Rosemary Hartill. 7.50 Down To Earth (Weekend gardening). 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Loose Ends. 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm Take Me to Your Reader (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play. 3.00 News; International Assignment. 3.30 The Saturday Feature: The Coutryside in March. 4.15 Not Another Diet Programme. 4.45 Persona Grata. 5.00 The Living World. 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Conversation Piece. 6.50 Ten Thousand Miles [illegible]. 7.00 News. 7.05 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 The Turn of the Tide. 11.00 Science Now. 11.30 The Good Human Guide (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Articles of Faith. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 L-Driver. 10.55 Deutsch Direkt. 11.20 Tele-Journal. 11.45 Nothing but the Best. 12.10 pm Life. 10.10 The Rock Gospel Show. Farming. 12.58 Weather News for Farmers. 1.00 This Week Next Week. 2.00 EastEnders.

3.00 The Pink Panther Show. 3.15 Film Matinee: "Night and Day," starring Cary Grant, Alexis Smith, Mary Martin and Jane Wyman. 5.20 Brat Farrar. 5.50 Living Islam. 6.30 News. 6.40 Songs of Praise from Lame. 7.15 Hancock's Half Hour: Twelve Angry Men. 7.45 Miss Marple: The Body in the Library, by Agatha Christie. 8.40 Mastermind. 9.10 News. 9.25 That's Life. 10.10 The Rock Gospel Show. 10.45 You Can't See the Wood. 11.10 Secret Nature.

BBC 2

2.10 pm Rugby Special. †3.00 Film: Rififi," starring Jean Servais, Carl Mohner and Robert Manuel (in French with English subtitles). 5.00 The Great Art Collection. 5.30 Music by Haydn. 6.00 Ski Sunday. 6.30 The Money Programme. 7.15 Previn on Concertos. 8.05 Nature. 8.45 Thinking Aloud. 9.30 Architecture at the Crossroads. 10.10. 11.35 Film: Screen Two: "The Russian Soldier" (television film).

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Woody and Friends. 9.45 Roger Ramjet. 10.00 Morning Worship. 11.00 Getting On. 11.30 Natural Resources. 12.00 Weekend World. 1.00 pm Police 5. 1.10 The Smurfs. 1.25 Ouch! 2.00 LWT News Headlines followed by Encounter. 2.30 The Big Match Live. 4.30 Survival. 5.00 Seal Morning. 5.30 Bullseye. 6.00 Albion Market. 6.30 News. 6.40 Highway. 7.15 Catchphrase. 7.45 Surprise Surprise. 8.45 Crazy Like A Fox. 9.45 News. 10.00 Hot Metal. 10.30 The South Bank Show. 11.30 LWT News Headlines followed by Mapp & Lucia. 12.25 am Night Thoughts.

CHANNEL 4

1.05 pm Irish Angle presents Hands. 1.30 Face The Press: The guest is the Syrian Foreign Minister Farouk Al-Shara, journalists Patrick Seale (Observer), Roger Matthews (Financial Times). In the chair Gillian Reynolds (Daily Telegraph). 2.00 Pob's Programme. †2.30 "Belle of the Nineties" starring Mae West. †3.50 "The Spanish Cape Mystery" starring Donald Woods as Ellery Queen. 5.15 News Summary followed by The Business Programme. 6.00 Second Glance. 6.15 International Volleyball. 7.15 Patterns of Life. 8.15 My Britain: Christopher Hitchens. 9.15 Mr Pye. †10.15 "The Pumpkin Eater" starring Anne Bancroft with Peter Finch. 12.15 am Do-It-Yourself Cartoon Kit.

SC4 WALES

1.35 pm Union World. 12.05 Feature Film: "Rosalie" starring Nelson Eddy. 4.20 Iesu Ddoe A Heddiw. 4.50 Dilyn Iesu. 5.15 The Business Programme. 6.00 Second Glance. 6.15 International Volleyball. 7.15 Deri Dog. 7.20 Newyddion. 7.30 Cais Am Gan. 8.00 Mwynhau'r Pethe. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Mario. 9.40 Cynhadledd '86. 9.50 Realm of Darkness. 10.50 Feature Film: "Three Into Two Won't Go."

REGIONS

ANGLIA

IBA Regions as London except at the following times:

9.30 am The Prizewinners. 1.00 pm The Beverley Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 4.30 Candid Camera. 12.30 am Visions and Voices.

BORDER

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Terrahawks. 1.30 Farming Outlook. 4.30 Captain Scarlet. 11.30 Conference Report Scottish Labour Party—Perth '86.

CENTRAL

9.25 am Wattoo, Wattoo. 9.30 Terrahawks. 1.00 pm Here and Now. 1.30 Gardening Time. 4.30 Wish You Were Here . . . ?

CHANNEL

9.25 am Today's Weather. 9.26 Starting Point. 9.30 Les Francais Chez-Vous. 9.45 Cartoon Compilation. 1.00 pm Gardens For All. 1.30 Video Club. 1.45 The Dolmen Builders. 4.30 Survival. 4.55 Puffin's Pla(i)ce.

GRAMPIAN

9.25 am Cartoon. 9.30 Sesame Street. 10.30 Fireball XL5. 1.00 pm Farming Outlook. 1.30 Horses for Courses. 2.30 Curling (The Scotsman-Martini Ladies Challenge). 3.30 Benson. 4.00 Bullseye. 4.30 Seal Morning. 5.00 Scotsport. 11.30 Labour Party Conference Report. 12.30 am Reflections.

GRANADA

9.25 am Max the 2000 Year old Mouse. 9.35 Land of the Dragon. 11.25 Aap Kaa Hak. 11.30 Survival. 1.00 pm Terrahawks. 1.30 Cartoon. 1.35 The Fall Guy.

HTV

9.25 am Jayce and the Wheeled Warriors. 9.50 Science International. 1.00 pm Gardening Time. 1.30 West Country Farming, followed by Weather for Farmers. 6.36 HTV News.

HTV Wales—As HTV West except: 1.00-1.30 pm Wales on Sunday. 11.30-12.30 am Crown Green Bowls (Midland British Open Pairs Championship).

SCOTTISH

9.25 am Foo Foo. 9.35 Natural Resources. 10.00 Sesame Street. 11.30 Encounter. 1.00 pm Terrahawks. 1.30 Farming Outlook. 2.00 Songs of Celebration. 2.30 Curling (The Scotsman/Martini Tournament Final). 3.30 Diff'rent Strokes. 4.00 Bullseye. 4.30 Seal Morning. 5.00 Scotsport. 11.30 Conference Report (Scottish Labour Party—Perth '86). 12.30 am Late Call.

TSW

9.25 am Getting On followed by Getting On ... Plus. 11.25 Look and See. 11.30 The South West Week. 1.00 pm Gardens For All. 1.30 Farming News. 5.05 Gus Honeybun's Magic Birthdays. 5.05 Falcon Crest. 11.30 The Pick of Postscript. 12.00 Postscript Postbag.

TVS

9.25 am Action Line. 9.35 Cartoon Compilation. 1.00 pm Agenda. 1.30 Enterprise South. 4.30 Survival. 4.55 TVS News. 12.30 am Company.

TYNE TEES

9.25 am Fireball XL5. 9.50 Sunday Lookaround. 9.55 Morning Glory. 1.00 pm Farming Outlook. 1.30 Wish You Were Here ...? 4.30 Small Wonder. 11.30 Epilogue.

ULSTER

9.40 am Advice With Anne Hailes. 12.58 pm Lunchtime News. 1.00 Grampian Sheepdog Trials. 1.28 Farming Weather. 1.30 Portraits of Power. 4.30 Diff'rent Strokes. 6.38 Ulster News. 11.30 Sports Results. 11.35 Festival Folk. 12.00 News At Bedtime.

YORKSHIRE

9.25 am Regional Weather followed by Getting On. 11.30 Farming Diary. 1.00 pm Hart to Hart. 4.30 Small Wonder. Seal Morning. 5.00 Benson. 11.30 Five Minutes.

RADIO

(S) Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle says Good Morning Sunday (S). 9.05 Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-Time Greats (S). 1.00 pm Ken Bruce presents: Two's Best (S). 2.00 Benny Green (S). 3.00 Alan Dell with Sounds Easy (S). 4.00 Sing Something Simple (S). 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Castle's Corner. 7.30 The Gentle Touch. 8.00 Cynthia Glover Sings with the Orchestra. 8.30 Sunday Half-Hour from St Columba's Church, Sutton Coldfield. 9.00 Your Hundred Best Tunes. 10.05 Songs From The Shows. 10.30 Acker's Away. 11.00 Sounds of Jazz with Peter Clayton (stereo from midnight). 1.00 am Steve Madden presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3

7.00 am News. 7.05 Schubert and His Contemporaries (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 Varsovia Quartet Concert (S). 12.15 pm From The Proms 85 City of Birmingham Orchestra conducted by Simon Rattle, part 1: Haydn (Sinfonia Concertante) (S). 12.35 Words. 12.40 From the Proms 85, part 2: Mahler (Das Lied von der Erde, with Jessye Norman and Jon Vickers (S). 1.50 Scandinavian Idyll (S). 2.25 BBC Philharmonic Orchestra conducted by Edward Downes: David Blake (Violin Concerto with Donald Simons): 3.00 Interval Reading: 3.05 Bax (Symphony No 7) (S). 3.55 Piano Quintets [illegible]. 4.30 Dvorák (S). 5.15 Left, Right and Centre (Richard Mayne examines changes in French political life). 6.00 Sallinen and Holmboe (S). 6.55 Alexander Goehr: Choral music (S). 7.15 "The White Devil." A new production of John Webster's classic Revenge Drama of 1612 (S). 9.15 Philharmonia Orchestra conducted by [illegible] (stereo relay from the Royal Festival Hall London), part 1: Franck (Symphony in D minor) (S). 9.55 Your True Friends. Reading from Boethius's "The Consolation of Philosophy" (Book 2). 10.15 Concert, part 2: Fauré's Requiem (S). 11.00 Spanish Piano Music (S). 11.25 Albert Sammons (mono record of Mozart's Sinfonia Concertante K 364). 11.57-12.00 News.

Medium Wave as above except: 2.25-7.15 pm Cricket: Second Test. West Indies v England.

BBC RADIO 4

6.00 am News. 6.10 Sunday Papers. 6.15 Sunday. 8.30 Richard Briers talks, for the Week's Good Cause, about [illegible]. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 2.00 Gardeners' Question Time. [illegible] 4.00 News. The Food Programme. 4.30 The Natural History Programme. 5.00 News; Travel. 5.05 Down Your Way visits Tamworth. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Weekend Woman's Hour. 7.00 [illegible]. 7.30 Feedback. [illegible] 8.00 Bookshelf. 8.30 [illegible] the 18th-century artist Sir Joshua Reynolds). 9.00 News. 9.05 Natural Selection. 9.58 Weather. 10.00 News. 10.15 The Sunday Feature: File on Fraud. 11.00 Hidden Glory. 11.15 In Committee. 12.00-12.15 am News.

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